Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S Arabia	Rls 6.00
Belgium	BFr.42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils 500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	LL 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.42	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rin 4.25	Taiwan	NT $85
France	FFr. 6.00	Mexico	Pes 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 8.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,760 — Wednesday October 23 1985 — D 8523 B

W. German industrial leaders spread their wings, Page 18

World news

Alfonsin orders arrest of 'plotters'

President Raúl Alfonsín of Argentina invoked emergency laws to order the arrests of six army officers and six civilians suspected of plotting to overthrow his government.

The rarely used presidential decree said the 12 "could have conspired to attack the constitutional order." Five officers have already been detained, but the sixth has been in hiding since early 1984.

The arrest order follows a wave of terrorist attacks. **Page 5**

Peres's plan attacked

Jordan's ambassador to Britain rejected a peace offer made by Shimon Peres, Israeli Prime Minister, yesterday in the first official reaction to the proposal. In Jerusalem, right-wing members of Peres's own cabinet also attacked the peace speech.

Bhutto widow held

The widow of Shahnawaz Bhutto, found dead in his Cannes apartment in July, was detained by police investigating the death. He was the brother of Pakistani opposition leader Benazir Bhutto and son of the late Prime Minister Zulfikar Ali Bhutto.

Kohl visits U.S.

West German Chancellor Helmut Kohl began a five-day visit to the U.S. in which support for the SDI (Star Wars) programme will be a prime concern. **Page 3**

Aquino reversal

Corazón Aquino, widow of murdered Philippines opposition leader Benigno Aquino, reversed her previous stand on assuming her husband's mantle and said she would consider being a candidate if President Marcos called an election.

Walesa charges

Poland's government spokesman, Jerzy Urban, *confirmed* that Lech Walesa, the Solidarity leader, would be prosecuted for claiming a lower turnout in recent parliamentary elections than the figure given by the authorities. **Page 2**

S. Africa crackdown

South African police arrested Trevor Manuel, a leader of the United Democratic Front opposition group, when he emerged from weeks of underground activity to speak at a rally. **Page 4**

China prices rise

China announced a record increase in retail prices, because of a relaxation in state controls, but said wages were also growing faster.

Problems on Rhine

The level of the Rhine river, the lowest in years, is causing havoc with shipping along Europe's busiest commercial waterway. Ferries have stopped operating and some barges have had to be tugged free.

Log search closed

British police ceased their 11-month investigation into the disappearance of the log of the submarine that sank the Argentine warship General Belgrano during the 1982 Falklands war. A government spokesman said no evidence of any criminal activity connected with the log's disappearance had been found.

Grand winnings

A Parisian punter won more than FFr 10m ($1.26m) in France's revamped sports lottery. Around 5m people took part.

Test tube first

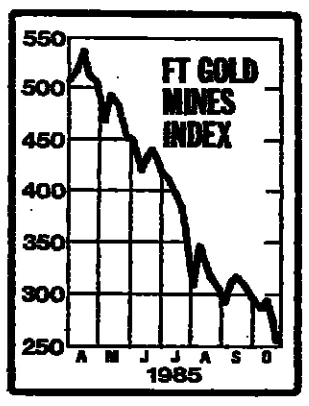
An Israeli woman who has no ovaries made medical history by giving birth to a 2.8kg girl. Doctors had fertilised a donor egg in a test tube and gave the woman hormones before implanting the embryo.

Business summary

Brussels sets aims for Japan trade

EEC foreign ministers set out their targets in the forthcoming trade negotiations with Japan during talks in Luxembourg. The meeting called for a qualified increase in imports to complement the Japanese Government's plans to open up its domestic market. **Page 20**

GOLD rose $2 on the London bullion market to $327.75 and improved in Zurich to $327.85. In New York, the Comex December settlement was $330.0. **Page 32**



SOUTH AFRICAN mining market sectors fell sharply in the wake of the rand's further decline against the dollar. The FT Gold Mines index lost 18.9 to 253.8, giving a fall of more than 46 points over the past five trading days. **Stock market report, Page 40.**

WALL STREET: At 3pm the Dow Jones industrial average was up 3.24 at 1,367.38. **Page 40**

LONDON: Lack of new incentives and profit-taking brought prices down in dull trading. The FT Ordinary share index closed 7p down at 1,041.0. The FT-SE 100 index was 8.8 lower at 1,331.5. **Page 40**

TOKYO: Concern about the yen's future course against the U.S. dollar and the level of domestic interest rates weakened trading. The Nikkei-Dow market average shed 21.52 to 13,001.69. **Page 40**

AUSTRALIAN share markets reacted sharply to the announcement of a large gold strike at the Porgera prospect in Papua New Guinea. **Page 22**

DOLLAR was firmer in London, rising to DM 2.6405 (DM 2.6365), FFr 8.0475 (FFr 8.04), SwFr 2.168 (SwFr 2.165) and Y215.8 (Y215.7). On Bank of England figures, the dollar's index rose to 130.7 from 130.6. **Page 33**

STERLING lost 10 points against the dollar in London to $1.433, but improved to DM 3.785 (DM 3.78) and FFr 11.5325 (FFr 11.53). It was unchanged at SwFr 3.105 and Y309.25. **Page 33**

CRUDE-STEEL production rose in the European Community and Japan during the first nine months of 1985, but lower output in the U.S. caused an overall decline in the West, according to the International Iron and Steel Institute.

SINGAPORE will introduce copyright laws aimed at curbing piracy of computer software and recorded music, government officials said.

SWISS BANK Corporation and Swiss Reinsurance launched international share issues to raise SwFr 350m ($162m) and SwFr 230m respectively. **Page 21**

UNION MINIÈRE, a wholly owned subsidiary of Société Générale de Belgique, has taken a majority holding in Société des Mines et Fonderies de la Vieille Montagne, a zinc producer. **Page 21**

WATTIE Industries, New Zealand foods group, boosted 12-month profits by 33.5 per cent to NZ$61m ($35.7m), mostly from investment in other leading NZ companies. **Page 22**

MARYLAND State Senate narrowly approved the acquisition of three financially troubled state-insured savings and loan institutions by Chase Manhattan, the New York bank. **Page 21**

Chemistry and compromise keep Club of 47 alive

ALL ATTEMPTS to kill off the Commonwealth failed this week. By some miracle, described by the organisation's admirers as "that special Commonwealth chemistry," the leaders of the member-states reached what is erroneously called a "consensus" on South Africa, **writes Robert Mauthner, Diplomatic Correspondent, in Nassau.**

It was, of course, not a real consensus, except on the important principle that everyone opposed apartheid and wanted to see it abolished as quickly as possible. The British Government fundamentally opposed any comprehensive economic sanctions, while the vast majority of its partners were, at least verbally, strongly in favour.

The final document on South Africa was a fudge, which allowed the pro-sanctions group, including the African front-line states with Australia, Canada and New Zealand, to claim that a list of sanctions had been agreed. Mrs Margaret Thatcher, the British Prime Minister, on the other hand, could argue that she had made only tiny concessions in accepting two minor additional economic measures against South Africa.

Why then do the leaders of that disparate group of nations, which have in common only its shared history within the old British Empire and its language, persist in holding their two-yearly jamboree, which takes a full week out of their working life? It is surely not only to demonstrate their skill at drafting documents, which often mean all things to all men, and is a hobby they could indulge within other international organisations.

The answer has more to do with psychology than with the practical affairs of this world. Somewhere in the deep recesses of the minds of most Commonwealth leaders lies the conviction that this loose association of states does share a heritage of ideas, principles and culture not to be found in any other club of nations.

If that were not the case, 41 heads of government out of a total of 47 would not have bothered to turn up for the latest meeting in the Bahamas. The special view of the role of the Commonwealth is also responsible for the extreme reluctance of any of the member-countries to end a meeting with an open show of disunity.

Before a heads of government conference, leaders such as Mr Robert Mugabe of Zimbabwe or Dr Mahathir Mohamad of Malaysia, often give the impression that the divide between them and Britain – it is always Britain that is the scapegoat at these reunions – is so great that nothing can possibly be done to bridge the gap. But as the conference gets under way, the public outbursts gradually subside and the spirit of compromise takes over.

Even Mrs Thatcher, who has been known to complain that she was missing Prime Minister's question time in the House of Commons by attending a Commonwealth conference, is not entirely immune to the special chemistry.

However, that is not the whole story. The fact is that the negative effect of failure to reach a compromise by a group of far-flung nations as numerous and geographically diverse as the Commonwealth would sometimes be much greater than the positive impact of a "consensus" seen by many as just papering over the cracks.

In the case of the debate on South Africa at the Nassau conference, that would certainly have been the effect. Instead of sending the signal to Pretoria that the system of apartheid must be dismantled quickly if disaster in South Africa is to be avoided, the Commonwealth would have sent a signal that the South African regime could continue on its present path with impunity.

In particular, it would have shown up Sougt Africa's neighbours, the so-called front-line states, as incapable of persuading other nations to act to abolish apartheid.

In addition, no country wants to appear isolated in such a large forum as the Commonwealth, not least Britain, which, quite apart from any sentimental reasons, has a vested

Continued on Page 20

EEC ministers and parliament clash on treaty reform

BY QUENTIN PEEL IN LUXEMBOURG

THE EEC Council of Ministers, the highest decision-making body of the Community's member-states, yesterday ran headlong into conflict with the European Parliament over its plans for reform of the Treaty of Rome.

At the heart of the dispute are the modest plans being put forward by member-states to give more powers to the directly elected parliament – and their insistence that whatever measures they agree will not be open to alteration by the MEPs themselves.

A delegation led by M Pierre Pflimlin, the president of the parliament currently meeting in Strasbourg, told EEC foreign ministers yesterday about their grave doubts over the process of reform launched by the Milan summit last June.

M Pflimlin warned that the ministers were in danger of getting bogged down in a sterile juridical debate, and of losing sight of the need for a "relaunch" of Europe. The *delegation hinted that* the whole reform process might end up in outright confrontation between two of the key institutions involved.

The parliament's president was speaking after M Jacques Poos, the Luxembourg Foreign Minister and current president of the Council of Ministers, had presented very cautious conclusions on the reform debate so far.

Luxembourg, the current president of the Council of Ministers failed on Monday night to get agreement from all 10 member states, plus Spain and Portugal, on a clear mandate for the continuing Inter-Governmental Treaty conference. That is due to report to the EEC summit, scheduled for December, on ways of amending the Treaty of Rome, on which the EEC is founded. Instead M Poos simply issued his own guidelines on the key questions to be considered.

The Inter-Governmental conference is, in practice, synonymous with the periodic foreign ministers councils. In between those, the conference consists of work carried out by ambassadors of member-countries and officials.

On the parliament, the conference is instructed to work out ways of better co-operation between the MEPs and the Council of Ministers. But M Poos also emphasised that it should take into account the need to preserve as much as possible the present balance of powers between the institutions – an apparent concession to the opposition of countries such as Denmark and Britain.

The guidelines also *emphasise* the need to keep any changes simple and efficient – a major objection to the cumbersome proposals already submitted by Germany, Italy and the European Commission.

On ways of speeding up completion of a single internal market in the EEC by 1992, M Poos called on the conference to answer five points:

- Find "the most positive definition" for the internal market;
- Draw up rules for the Council to take decisions by majority voting instead of unanimity, so that the market can be completed within seven years;
- Agree a separate procedure between member-states on the free movement of people (as opposed to goods, services and capital);
- Decide what needs to be written into the Treaty on "differentiation," or areas where some but not all the member-states are required to act together;
- Draw up proposals for more efforts to boost development in the poorer parts of the Community.

The guidelines clearly disappointed M Pflimlin, particularly on the ways of increasing the power of the parliament. His greatest objection, however, concerned the refusal by the ministers to do more than submit a report to the parliament on whatever agreement they may reach, thus underlining the continuing impotence of the directly elected assembly.

MEPs in Strasbourg are due today to vote on a demand for the right to consider and amend any reforms agreed by the ministers – a proposal likely to be approved by a large majority. However, it has no legal power to insist.

M Pflimlin said most of the conference proposals appeared to do little more than extend the present consultation and conciliation procedures between the institutions.

Targets set for Japan trade, Page 20; Med talks falter, Page 20

Boeing clinches $2bn deal for 20 aircraft

BY MICHAEL DONNE IN LONDON

BOEING, the world's largest manufacturer of jet airliners, is to go ahead with the launch of a new version of the 747 – the 400 series – as a result of an order for 10 aircraft from Northwest Airlines of the U.S. worth about $1.5bn.

The total deal includes a subsidiary order from Northwest for 10 smaller Boeing 757 twin-engined, short to medium-range jet airliners and is worth about $2bn, one of the largest jet aircraft orders ever.

It eclipses the Pan Am deal earlier this year for 28 Airbuses worth more than $1.1bn and the Saudi Arabian "jets for oil" deal last year involving 10 Boeing 747s, worth about $1bn.

The new 747-400 was announced at the Paris Air Show earlier this year, when Boeing said it was looking for launch customers. Many new long-distance, non-stop air services will become possible as a result of the new version of the aircraft, which will have a range of more than 8,000 statute miles, carrying over 400 passengers. That is *more than 1,000 miles further than* the range of existing 747 models.

The aircraft has a stretched upper deck, like the existing 747-300, but a bigger wing, with "winglets" at the tips, to improve its performance.

The biggest advance, however, is in range. With its full fuel load for over 8,000 miles non-stop flight with a full complement of between 400 and 450 passengers, it will have a take-off weight of 850,000 lbs, the highest for any commercial airliner in the world.

It will be capable of such non-stop flights as Singapore-London, Tokyo-London, Los Angeles-Sydney, Hong Kong-Los Angeles, Frankfurt-Buenos Aires, San Francisco-Hong Kong and San Francisco-Sydney.

With such capabilities, it will change the entire pattern of long-distance world air transport operations. Northwest is the first to buy the 747-400, but many other airlines world-wide are studying the aircraft and Boeing is confident that further orders will come soon. Singapore Airlines is strongly interested.

Northwest, based on Minneapolis-St Paul, is one of the biggest airlines in the world, carrying over 13m passengers a year on a network that covers destinations as far afield as Singapore, Hong Kong, Tokyo and London, besides an extensive U.S. domestic network.

It has in service a fleet of 38 747s, including six all-cargo aircraft, and 18 McDonnell Douglas DC-10-40s, seven Boeing 757s with another 13 to be delivered (excluding the latest deal), and 65 Boeing 727s. It has more than 15,000 employees.

Delivery of Northwest's new jets will start in 1988 and continue to 1990. Engines for the 747-400 will be the new Pratt & Whitney PW-4000 engines, each giving 56,000 lbs thrust. The smaller 184-seat 757s will have Pratt & Whitney PW-2037 engines.

Mr Steven G. Rothmeier, president and chief executive officer of Northwest, said the aircraft would be used for route expansion by the airline.

Troubled Westland, Page 20

Soviets 'ready to compete if arms talks fail'

By Patrick Cockburn in Moscow

SOVIET civil and military leaders emphasised yesterday that the Soviet Union coud compete both militarily and economically in a new arms race if present talks failed.

Speaking at a press conference in Moscow, Marshal Sergei Akhromeyev, the Soviet Chief of Staff, said the Soviet Union would develop its own space-based anti-ballistic missile system if the U.S. did not abandon the strategic defence initiative – Star Wars.

The speech was seen as part of a continuing Soviet effort to keep the diplomatic initiative be·ore the summit meeting in Geneva next month between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader.

At the same time, Mr Georgy Kornienko, the Soviet First Deputy Foreign Minister, emphasised that the Soviet disarmament proposals for a 50 per cent reduction in strategic nuclear weapons were negotiable. "We never said accept our proposals or there will be no negotiations," he said.

Marshal Akhromeyev also implied that the Soviet Union was prepared to take a sli..ghtly more flexible view of the extent of Star Wars theoretical research, which he thought was accepthle, if undesireable, under the terms of the Anti-Ballistic Missile (ABM) Treaty of 1972.

In the lead-up to the summit, the Soviet civil and military leadership is clearly keen to appear firm and flexible, but at the same time not giving an impression of obstinacy or acting under duress.

Marshal Akhromeyev repeated the Soviet position that there could be no agreement on the limitation of offensive nuclear weapons unless there was a coninuing limiation on defensive systems.

He said the aim of Star Wars was a defensive nuclear screen against Soviet nuclear missiles, which would give the U.S. the capacity to launch a nuclear first strike against the Soviet Union without fear of retaliation.

Under those conditions, deep cuts in strategic offensive armaments without an accord banning space strike weapons meant neglecting the Soviet Union's security.

THE Soviet Union has taken its single-warhead SS-25 missiles past the testing stage and deployed them, a breach of the 1979 Strategic Arms Limitation Treaty (Salt-2), Caspar Weinberger, U.S. Secretary of Defence, claimed. Page 5

Europe-wide union forum for Thomson

BY DAVID THOMAS IN LONDON AND PAUL BETTS IN PARIS

THOMSON Grand Public, the consumer electronics arm of Thomson, the French nationalised electronics group, is setting up what is believed to be the first European-wide system of consultation and information with its unions.

The Thomson agreement contains some of the key elements of the European Commission's proposals for increased worker participation, known as the Vredeling directive, which are controversial among employers and governments.

Thomson's customer electronics operations, the second largest in Europe, employ about 30,000 people in France, West Germany, Spain and Italy. The company has agreed to set up joint management-union committees – with union representatives drawn from the four contries – which will be informed about, and consulted upon, significant industrial, trading and manpower measures before implementation.

Thomson's decision may reflect the enthusiasm of the French Government for the Vredeling initiative. It also flows from the company's effort to rationalise its European consumer electronics business after taking over the Telefunken consumer electronics group two years ago.

Thomson, with 35 consumer electronics factories including 12 outside France, has been closing plants. It has also been transferring activities from one country to another. It recently decided, for example to move a television laboratory from Angers in France to West Germany, provoking controversy in France.

Thomson has signed framework agreements with the European Metalworkers' Federation (EMF) for two European-wide joint management-union committees.

The union side of one committee, which will meet annually, will be composed solely of shop floor representatives elected from Thomson's plants. Thomson will pay their travelling and accommodation costs.

The French unions will have 13 of the 26 union seats. West Germany will have eight, Italy three, and Spain two.

Row over Elders bid backers

By Martin Dickson in London

A ROW developed yesterday over the identity of a group of banks and two individuals who are backing the £1.8bn takeover bid for Allied-Lyons, the UK food and drinks conglomerate, which was announced on Monday by Elders IXL, the Australian brewing and agriculture group.

Allied complained to the city of London Takeover Pannel that Elders had not spelled out the precise ownership of IXL the company being used as a vehicle for the bid.

A consortium of eight international banks, led by Citibank of the U.S., have a 58 per cent stake in IXL, but Elders has declined to disclose the identity of the other seven.

A 42 per cent interest in IXL is held by a group consisting of Elders (49 per cent) and two individuals whom Elders originally did not name.

Last night, in an apparent response to adverse publicity, it said

Continued on Page 20

CONTENTS

EUROPEAN NEWS

Walesa faces trial over poll comments

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND IS to prosecute Mr Lech Walesa, the Solidarity leader for claiming that the turnout in recent parliamentary elections was lower than that announced officially.

He will be accused of defaming members of the commissions responsible for supervising the elections, an offence which carries the penalty of up to two years in prison or a fine.

The elections were boycotted by Solidarity which organised an impressive check on turnout in the main urban areas. Solidarity claims 66 per cent of the electorate voted; the Government says 78.8 per cent did so.

On election day and soon after, Mr Walesa was reporting lower turnout figures than the Government's to Western reporters who, it seems, are to be called as witnesses in the case.

The authorities may have decided to prosecute Mr Walesa because his estimates turned out to be somewhat lower than figures issued by the underground Solidarity movement.

They are also extremely concerned to bolster the credibility of their own attendance figures. Nevertheless, Solidarity's independent efforts to check voter turnout both this year and last year, in local council elections, have consistently shown a gap of some 10-15 per cent between the Government and the banned union's figures.

This appears to be the extent of the manipulation of the real figures which court cases last year revealed involved commissions voting for absent citizens and artificial lowering of the numbers entitled to vote to boost the attendance rates.

● Mr Jerzy Urban, the government spokesman, has confirmed that Israel is to open a visa section in the Dutch embassy in Warsaw, and that the Poles are to have a similar section in the Polish-owned PKO Bank in Tel Aviv. He denied that relations, broken off in 1967, were being normalised. Only Romania in the Soviet bloc has diplomatic relations with Israel.

Ireland confident of oil finds in Celtic Sea

BY HUGH CARNEGY IN DUBLIN

IRELAND'S ENERGY Department says it still believes there is a strong possibility of commercial oil finds in the Cetic Sea despite the fact that only 15 exploration blocks out of 77 have been taken up in the third offshore licensing round this week.

A total of 21 oil exploration companies grouped in nine consortia were awarded the 15 blocks, mainly located in the northern and southern sectors.

Lack of enthusiasm for the other licences stemmed largely from dissatisfaction among oil companies over government terms reserving the right to take up to 50 per cent participation in any commercial field, including marginal finds.

The licensing round was delayed for several months during which the government announced more flexible terms covering tax and royalties due from marginal fields.

Department officials say they are pleased with the third round results given the depressed state of the oil industry. At least ten wells will be drilled off Ireland next year, a slightly higher rate than in previous years.

There has been only one oil find in Irish waters, in 1983, which Chevron is still evaluating to decide if it can be exploited commercially. The only offshore production comes from the Kinsale Head gas field which produced 82 bn standard cubic feet last year, meeting 21 per cent of Ireland's primary energy needs.

A surprise in this week's announcement was the involvement of the Irish company, Bula Oil, in four of the 15 blocks. Its parent, Bula Resources, recently applied to relinquish its interests in two earlier licences,

Athens hits out at striking trade unions

By Andriana Ierodiaconou in Athens

RELATIONS between Greece's Socialist Government and the unions have plunged, following the successful launching on Monday of a nationwide strike campaign against the economic austerity programme.

The Government accused striking unions of "sacrificing the medium and long term interests of workers". It repeated its determination not to revoke a wage freeze imposed to the end of 1987 or to withdraw plans to modify the wage indexation system.

These are key features of a programme announced by the government on October 11 aimed at reducing high public sector and current accounts deficits.

The unions said they were delighted with high levels of participations in Monday's strike and are preparing fresh action for the rest of this month.

A 24-hour general strike has been scheduled in the port and commercial centre of Pireaus today, while employees of the state-run electricity and telecommunications authority, train drivers, and workers in several other industries are expected to stop work tomorrow.

Next week civil servants will join the strikes following a unanimous decision of the leadership of the main civil servants federation.

The Government's problem is compounded by the fact that the wave of strikes is not only backed by the opposition but also dissident Socialist trade unionists who have split the socialist majority in the leadership of the trade union congress, the GSEE.

Eight top unionists were expelled from the Socialist party last week after voting in favour of strikes in a stormy GSEE meeting, at which proposals for a general strike were only defeated by the casting vote of the socialist president.

The eight have retaliated by lending their weight to continued strike action this month, and by joining their colleagues in the GSEE leadership in calling for an extraordinary general meeting of the congress today

The Governments in Bucharest and Sofia face continuing economic and energy problems

Romania rugs up against a cold dark winter

BY ALAN SPENCE RECENTLY IN BUCHAREST AND DAVID BUCHAN IN LONDON

PRESIDENT Nicolae Ceausescu has ordered army officers into coal and hydro-electric power stations, the British embassy in Bucharest is buying diesel fuel outside the country for its emergency generator, and ordinary Romanians are hoarding gas bottles.

All, in their own way, are trying to guard against another cold, dark winter.

Within the past week, Mr Ceausescu has sacked a deputy prime minister and two ministers responsible for electric power and mines. But, going beyond these dismissals, his usual remedy for economic problems the president has declared a state of emeregency in, and "militarised," the country's energy sector.

Calling in the military is hardly a novel form of economic management in Romania, where soldiers regularly help harvest crops and dig canals. Nor is there any evidence so far of overt labour unrest, though the country's only recent recorded strike was by miners in 1977.

Rather, Mr Ceausescu seems to have ordered in military supervisors to get the energy industry to make the most of its depleted stocks.

Romania would be extremely unlucky to face another winter of last year's severity, the worst for 40 years, during which power and heating was cut and private motoring banned for more than two months. But, according to official figures, coal stocks are now only 4m tonnes, when they should be up to 5.5m tonnes and power generation only 3,590 megawatts, compared with the target of 5,295 mw.

The immediate culprits are drought, hitting (as in neighbouring Bulgaria) hydro-electric output, and missed coal targets.

With oil extraction declining towards a level of 11m tonnes a year, only fractionally increasing gas production, and zero output from Romania's much-delayed nuclear reactor programme, Mr Ceausescu and his ever-ambitious planners have pinned their hopes on coal to make up the shortfall.

However, far from achieving this year's target of more than 60m tonnes, coal production is running stubbornly no higher than last year's level of 44m tonnes. The Bucharest Government is now scrambling to increase imports, from some surprising sources.

Rindalbourne, a London-based countertrade firm, has arranged a swap of 400,000 tonnes of U.S. coking coal for Romanian manufactured goods. Bucharest last week discussed the possibility of re-opening two closed-down pits in South Wales to supply Romania with coal, part of which would go in payment to the National Coal Board.

It is hard to see how "militarisation" can produce the water needed to drive the hydro-electric turbines, which normally generate about 20 per cent of the country's electricity, any more than it could have saved Romania from this year's reduced harvest, due to drought.

It is possible this winter may see recurrence of last year's row with Yugoslavia which accused Romania of taking more than its due share of power from their joint Iron Gates power project on the Danube.

Bad weather has only aggravated a chronic energy crisis, rooted in the mismatch between limited energy resources and the Ceausescu Government's virtually unlimited industrial ambitions in sectors ranging from passenger jets, ships and cars, to all manner of machine tools.

Romania may be Eastern Europe's only major oil and gas producer, but it cannot sustain a refining and petrochemical industry requiring some 30m tonnes of oil a year.

Mr Ceausescu may be taking advantage of the Warsaw Pact summit in Sofia this week to press Mr Mikhail Gorbachev and senior Soviet ministers for an increase in Soviet oil deliveries. But these at present amount to less than one-sixth of Romania's annual 12m tonne imports, and Moscow may not be disposed to step up shipments of oil that is increasingly hard to extract from Siberia to a maverick ally such as Romania.

Drought lands Bulgaria in deep water

BY PATRICK BLUM IN SOFIA

BULGARIA IS at a crossroads. After years of steady growth with gradual but evident improvements in standards of living, the country is confronting serious energy and agricultural problems which have thrown the economy off course and brought to light an urgent need for structural reforms. These, however, are likely to prove difficult to see through and unpleasant for most Bulgarians.

According to Mr Stoyu Doulev Stoev, general director of strategic planning and technical progress at the State Planning Commission, the combination of shortages in agriculture and energy has seriously affected industrial output and led to a marked slow down in the economy with long-term repercussions. "These difficulties wil continue during the winter and next year," he says.

Failed targets in many sectors this year mean that targets for the 1986-90 plan are also being redrawn.

After a lapse of six years, Bulgaria has started to borrow again. It raised \$200m in May and \$125m in September. A further credit of at least \$125m is now being arranged by a West German bank.

Officials in Sofia deny any link between recent borrowings and the current crisis. Mr Vesselin Rankov, first deputy president of the foreign trade bank, says the loans are standard banking operations undertaken now while conditions are good. "We are not pressed for money," he says. Part of the money raised will go to buy machinery and technology to modernise industry.

Western diplomats in Sofia are sceptical. They suggest that Bulgaria's borrowings are linked to the need to buy large quantities of grain, coal and other imports to build up stocks for the winter.

Bulgaria's financial standing remains high. Its foregin debt, estimated at about \$1.2bn, is the lowest in Eastern Europe. The Bulgarian authorities are cautious borrowers and they want to maintain a step-by-step approach to future borrowing. Nevertheless, industrial modernisation requirements in the 1986-90 plan, combined with extra imports to compensate for the crisis, may compel them to borrow more than they planned.

The energy crisis has been are sceptical. They suggest

Serious energy and agricultural problems have highlighted the urgent need to make drastic structural reforms in the country's economy

caused by the exceptionally harsh winter and by summer droughts, although repeated references in the local Press suggest that mismanagement also played a part. The drought so reduced water levels, according to Mr Doulev. Stoev, that hydro power generation has practically been switched off, with the loss of about 10 per cent of electricity generation.

Coal-fired plants were also hit, according to western diplomats, by delays in coal supplies caused by the bad winter

As a result, electricity has been rationed throughout the country since winter. Systematic power cuts are still being made as part of efforts to curb consumption and this, in turn, has disrupted industry, particularly the cement sector.

Electricity prices have been increased, but with little effect on consumption, say Energy Ministry officials. So the emphasis is on improving energy efficiency and reducing electricity consumption by 4-5 per cent within the next five years.

The troubles in Bulgaria's agriculture stem from almost three years of unbroken drought. Once a net exporter of grain, Bulgaria has now been forced to buy large amounts of cereals from the West to compensate for serious shortfalls in domestic grain production which totalled about 9.4m tonnes of grain a year.

Mr Yovicho Roussev, deputy president of the national agro-industrial union, says the production of certain cereals has fallen by 30 per cent compared with last year.

Lower production of fruit and vegetables has raised fears of shortages and rationing during the winter, although officials dismiss such suggestions.

The crisis has highlighted the drastic need to make deep structural reforms in the economy. "We have been too slow to introduce structural adjustments while, in the West, changes took place earlier," Mr Doulev Stoev says. The next five-year plan will include sweeping reforms to improve efficiency and modernise the economy with measures designed to reduce labour and capital costs, he says.

There will be additional steps to decentralise decision-making throughout industry.

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EUROPEAN NEWS

East German cash incentives begin to boost private sector

BY LESLIE COLITT IN BERLIN

THE East German Government's financial incentives to butchers, bakers, plumbers and other trades people to open private shops are beginning to take hold.

Neues Deutschland, the main Communist newspaper, said yesterday that the number of East Germans privately employed in the trades sector rose by 11,844 to nearly 257,000 (without apprentices) between 1980 and 1984.

Unlike other Comecon countries, East Germany did not abolish private trades people, retailers and restaurants in one stroke after World War II. Fiscal and other pressures, however, reduced the number of individual businesses from 1.6m in 1955 to 176,300 last year.

In 1976, however, the Government modified its ideology and introduced measures to halt a deterioration in supplies and services which accompanied the decline in the number of private craftsmen.

Cheap loans and a one-year tax exemption were offered for newly-founded private tailor shops, shoemakers and other trades.

The fall in the number of private shops gradually levelled off, and Neues Deutschland said that between 1981 and last year, 13,438 trades people had set themselves up in private business.

Last May, the Government offered existing private businesses and restaurants low interest loans to modernise their facilities.

The tax-exempt period was prolonged to two years for new companies. Yesterday the newspaper quoted an old German saying that trade had a "golden foundation."

Netherlands closer to deployment of cruise

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS edged closer yesterday to final approval of the deployment of nuclear missiles when a majority of the parliament found nothing unconstitutional about a draft Dutch-U.S. accord on actual launching of the weapons.

Mr Joep de Boer, defence specialist of the Christian democrats, senior partners in the governing coalition, said the lack of constitutional conflicts meant no two-thirds majority was necessary for parliamentary approval of the accord.

Passage by a simple majority means that the Christian Democrats, their Liberal Party partners and the right-wing parties are virtually certain to garner the necessary votes.

The opposition Labour Party had argued that the accord conflicted with the constitution and therefore required approval by two thirds of the MPs. The Labour Party may submit a motion today to that effect although such an effort seems doomed.

The five-year accord is likely to be approved by a slim parliamentary majority after November when the Cabinet is expected to agree to the stationing of the 48 U.S. cruise missiles on Dutch soil. The coalition MPs previously expressed their support for the accord dealing with the widely-opposed missiles during an initial debate three weeks ago.

The Christian Democrat-Liberal partners have not been swayed by the Labour Party's arguments that Holland's sovereignty is affected because the U.S. President would have ultimate power to push the firing button for the missiles.

A Cabinet letter to Parliament outlining the launch accord nearly threw the Government into a crisis at the beginning of October, according to the Dutch press.

Long-standing differences between Mr Hans van den Broek, the Foreign Minister, and Mr Job de Ruiter, the Defence Minister, flared over the wording of Holland's influence in the actual firing of the missiles.

Mr van den Broek has taken the strongest line on the missiles, contending that deployment is all but guaranteed because too many Soviet SS-20 missiles remain in place despite the Soviet Union's recent announcement of a cut in the number.

The Dutch Government has said it finally would accept the long-delayed cruise missiles if more than 378 SS-20s were sited on November 1, 1985.

Approval of the medium-range missiles will not cost the Government much political cache because ultimate deployment would not occur until 1988, by which time a Soviet–U.S. arms control treaty could reduce the number actually sited.

Delay or rejection, however, would further damage Holland's credibility within Nato

Kohl seeks U.S. assurances on Star Wars

BY RUPERT CORNWELL IN BONN

CHANCELLOR HELMUT KOHL yesterday began a five-day U.S. visit during which he will be seeking assurances from the Reagan Administration that will enable Bonn to participate formally in the Strategic Defence Initiative (EDI), the so-called Star Wars programme.

Like other Nato allies, West Germany was dismayed by the row iwthin the Administration over whether SDI testing and development was compatible with the Anti-Ballistic Missile treaty of 1972. It was concerned above all because of the damage such a stance might wreak on hopes of a successful summit in Geneva next month between President Ronald Reagan and Mr Mikhail Gorbachev, and of the ensuign fall-out on East-West relations in general.

For the time being, the argument has been won by "doves" grouped around Mr George Shultz, the U.S. State Secretary, who are insistent on a restrictive interpretation of the treaty that would effectively limit SDI work to research alone. But the conflict has only served to exacerbate the dispute here, stretaching to within the Centre-Right coalition, over whether Bonn should take part formally. NO 16—8/8½

While he is in the U.S., the Chancellor will meet President Reagan three times: twice at sessions of the heads of government of the leading western industrial powers (excluding France), and then bilaterally before he flies home.

His overriding concern will be to persuade Mr Reagan to do everything to ensure that the Geneva summit is not a failure, both in aspects which touch upon the SDI and in terms of a constructive response to the arms cuts proposals recently outlined by Mr Gorbachev.

The dispute in Washington over how to interpret the ABM treaty has served to give new ammunition to sceptics and opponents here of the SDI. These include Herr Hans-Dietrich Genscher, the Foreign Minister, who is already in Washington for talks

The Chancellor, like West German industry, remains in favour of a framework agreement between Bonn and Washington governing participation in the SDI. But a final decision will not be taken before early next year, and may take the form only of a memorandum or a mere exchange of letters.

However, the SDI is not the only reason why West Germany is looking particularly anxiously at Geneva. A positive outcome could pave the way for a long postponed visit here by President Erich Honecker of East Germany.

A trip planned for last autumn was cancelled after fierce Soviet pressure on East Berlin. But there have been several straws in the wind lately that Herr Honecker might come to West Germany at the end of this year or in the early part of 1986.

A successful meeting between Mr Reagan and Mr Gorbachev is reckoned to be an essential prerequisite. The would also imply some form of understanding on the SDI, to which East Germany, like the Soviet Union, is wholly opposed.

Martens begins talks on coalition

By Paul Cheeseright in Brussels

MR WILFRED MARTENS yesterday started talks with party leaders on the formation of a new Belgium Government, based on an economic and social programme which includes new cuts in government spending of BFr 70bn (£910m) over the next two years.

Each day until a new coalition programme has been worked out he wil be meeting in a chateau, in the Brussels suburbs, the presidents and senior ministers of his own Christian Democrat party, based in the Flemish north of Belgium Social Christians from the French-speaking south and Liberals from both regions.

The aim is to present a coalition with a four-year programme of activity to Parliament when it reconvenes on November 15. The new Parlia- reflects thesuccess of the coalition parties in the general election ten days ago. Then they won 115 of the 212 seats.

Mr Martens presented a draft economic and social programme to the party leaders on Monday night. This will serve as the basis for the first discussions on a programme.

He is trying to forge an alliance around a programme which gives a stronger "human dimension," as the draft puts it, to a policy of continued economic restraint. "Employment, particularly for the young, remains the dominant preoccupation."

His economic plans are set in a four year context so that from 1987 there will be a budgetary saving of BFr 117bn on an annual basis. The two largest components of this are savings on social security of BFr 35bn and lower interest charges on government debt of BFr 30bn.

But he also wants the government he hopes to form to commit itself to a further BFrs 70bn of economies over a period of two years.

Spain to press U.S. over bases

By David White in Madrid

SPAIN WILL put its case for a "progressive reduction" in the U.S. military presence on its territory at a first round of exploratory talks due to start here today.

Sr Felipe Gonzalez's government has insisted on getting talks under way well in advance of the planned referendum on Nato, which is expected to be held next March. Cutbacks in the widely unpopular U.S. bases are part of the platform on which the Government will call on Spaniards to vote in favour of staying in the alliance.

However, the U.S. Administration has shown great reluctance to make any move on its Spanish bases before the issue of Spain's continued membership of Nato is settled.

In this light, this week's talks headed by the U.S. ambassador, Mr Thomas Enders, and Sr Maximo Cajal, a top Spanish Foreign Ministry official, are considered unlikely to advance beyond an exchange of views.

The U.S. stations about 12,000 military personnel in Spain, under a bilateral agreement renewed for five years in 1982 and revised in 1983 after the Socialist party came to power.

The Spanish side is expected to seek the transfer of part of the activity of the two principal air base facilities. These are at Torrejon, outside Madrid, where the U.S. has a military airlift command and a tactical fighter unit, and at Zaragoza, an important tactical fighter training centre used by U.S. squadrons based elsewhere in Europe.

The proximity of both these bases to large cities has made them targets of frequent pacifist and anti-American protests. However, they are both regarded by U.S. defence officials as difficult and costly to replace.

The other main facilities are a standby air base at Moron in southern Spain and the Rota naval base near Cadiz, used to support the U.S. Sixth Fleet in the Mediterranean.

Spanish withdrawal from the alliance — which Sr Gonzalez, despite his opposition to Nato when Spain joined in 1982, is intent on avoiding—would call parts of the bilateral agreement into question.

● A Plan to assassinate Sr Jose Barrionuevo, the Spanish Interior Minister, has been foiled by police in the Basque region, according to Spanish government representatives there.

The civil governor's office in Guipuzcoa, the Basque province bordering on France, said the plan by a commando of the Eta separatist organisation was uncovered when two of the four-member group were arrested at the weekend

EEC survey raises fears on over-capacity

BY PAUL CHEESERIGHT IN BRUSSELS

MARKED INCREASES in capacity utilisation by industry in the European Community have not eliminated fears among company executives that there is too much plant and equipment in relation to expected output levels.

This was one of the key results in a survey of business confidence, carried out by the European Commission, as is its habit each quarter.

The overall level of capacity utilisation climbed from 80.9 per cent in April to 82.5 per cent in July, thus reaching a level only 1.4 percentage points below that of the previous cyclical peak touched in 1979-1980.

The UK, German and Dutch levels of utilisation have all been running higher than the Community average, while in the Netherlands and Ireland, the level has climbed over the 1979-80 peak.

Particularly in France, Belgium and Italy, industrialists became more gloomy over those months in the early summer about over-capacity.

In the Netherlands and Luxembourg, by contrast, the number of managers fearing constraints on their capacity is as great as the number concerned about surplus.

The pattern of activity is in any case irregular. The survey showed that slack is clearly apparent in sectors such as oil refining, shipbuilding, agricultural machinery, building materials and French car production — all sectors which are restructuring.

Against this, bottlenecks have been appearing in paper processing chemicals, textile machinery, the knitting and wool sections of the textile industry, office machinery and rubber products.

Generally, orders have been picking up and, pulling all the figures together, Community industry had an order book in the third quarter of this year equivalent to 3.5 months' production. In the first quarter, the order book had equalled 3.2 months' production.

Aid to non-associated nations stepped up

BY OUR BRUSSELS STAFF

THE EUROPEAN Community this year will spend Ecu 268m (£155m) on aid to developing countries in Asia, Africa and Latin America with which it does not have association agreements, the Commission said

This compares with Ecu 218m allocated in 1984. Three-quarters of the funds went, as in previous years, to Asian countries, 20 per cent to Latin America, and 5 per cent to Angola and Mozambique. Now that these two countries have become associated through the Lome Convention, funds previously earmarked for Africa will be put in reserve.

But the sums involved are a fraction of those provided for developing countries linked to the EEC in the Lome Convention, a vehicle for financial, technical and trade co-operation. The budget for the Lome countries between 1986 and 1990 is Ecu 7.4bn (£4.3bn).

Since the programme started in 1976, India has been the biggest recipient, according to the Commission's latest report, followed by Bangladesh, Thailand, Indonesia, Pakistan, Bolivia, Sri Lanka and Honduras. Another 22 countries have also received aid.

The report was published in the wake of a Community ministerial meeting with the Association of South East Asian Nations. Although the Commission said in its report on aid to non-associated countries that funds are granted to ensure a Community presence in major regions of the developing world, this ministerial meeting failed to reach any agreement on concrete methods to step up Community involvement in the area. Total aid to Asean countries and Asean itself from 1976 to 1984 was Ecu 190.1m out of Ecu 1.2bn for non-associated countries.

OVERSEAS NEWS

Philippine deaths as rebels and army clash

Two soldiers and a rebel were reported killed yesterday in the central Philippines, and Government opponents protested the killing of a youth in a street march in Manila, AP reports from the Philippines.

The Philippine News Agency said a constable was shot dead and a policeman wounded when Communist guerrillas fired on a police team clearing a protest roadblock.

Another soldier was killed when rebels attacked a military helicopter. Elsewhere, a guerrilla was killed as he was shooting motorists' tyres.

Yesterday's Manila demonstration was organised by youth and farm groups. They picketed police headquarters to denounce the killing of a student in Monday's clash between police and stone-throwing demonstrators.

Stable Opec prices forecast

THE CHAIRMAN of the Organisation of Petroleum Exporting Countries (Opec) said yesterday that the organisation's members should not expect 1986 oil prices to change from 1985 levels, AP reports from Jakarta.

Mr Subroto, who is also chairman of Indonesia's Ministry of Mines and Energy, said oil prices have been stable in the last three months and predicted that the situation would last until the end of the year.

China industrial growth slows

CHINA'S industrial growth rate slowed in the third quarter of this year due to measures taken by the Government, officials said in Peking yesterday. They said total industrial output in the first nine months was 21.1 per cent higher than in the period last year

South African black activist arrested as crackdown continues

BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICAN police continued their crackdown on political activists yesterday arresting Mr Trevor Manuel, Western Cape secretary of the United Democratic Front (UDF) who emerged from weeks of underground activity last weekend to address a large funeral rally.

The arrest came as police reported two more deaths in the black squatter township of Crossroads after police fired on stone-throwing crowds.

Over 65 people have been killed in the Western Cape over the last two months. Police yesterday reported a sharp increase in the use of firearms and petrol bombs by demonstrators in recent days which have seen marches by militant Moslem mourners and attacks both on parked cars and on vehicles driving past the airport and other main roads.

In the Cape police made the first use of newly delivered water cannon and helicopters to disperse demonstrating students at the coloured University of the Western Cape. The new riot control equipment is designed to increase the efficiency of security force action while limiting death and injuries.

The demonstration was one of several as schools throughout the area in protest against threatened retaliatory action against radical school teachers by Mr Carter Ebrahim the controversial coloured Minister for Education, whose department is insisting that students sit exams despite the closure of schools in the area for several weeks and a continuing school boycotts in protest against "gutter education."

Widespread incidents of stone throwing, arson and intimidation were also reported from townships in the Eastern Cape and the Transvaal. In Soweto army and police reinforcements were called in to quell fighting between mainly Zulu immigrant workers living in hostels and local township inhabitants which cost several lives.

Meanwhile foreign diplomats were last night still awaiting the considered official response to the Commonwealth Conference proposals on South Africa following President P. W. Botha's rejection of a six-month timetable for abolition of apartheid and condemnation of "senseless" sanctions.

Slowdown in Zimbabwe's economic growth forecast

BY TONY WALKER IN ZIMBABWE

ZIMBABWE'S largest bank, Standard Chartered, is predicting a marked slowdown in economic growth next year, partly as a result of the deteriorating regional situation in southern Africa caused by the crisis in South Africa.

In its October economic bulletin, Standard Chartered said that after a strong recovery with 6 per cent growth in real GDP this year, expansion would slow to no more than 3 per cent in 1986.

The authoritative bank review said that while the Zimbabwe Government had every reason to be satisfied with the success of its stabilisation programme, it faced a formidable challenge in trying to sustain the economic upswing against a background of a deteriorating world economy and an escalating political and economic crisis in the region.

It warned that the South African situation would further deter private foreign investment in Zimbabwe and highlighted Zimbabwe's economic dependence on South Africa—19 per cent of Zimbabwe's trade is with South Africa, including 40 per cent of manufactured exports, while 93 per cent of foreign trade uses the South African transport system.

Peres peace call falls on stony ground

By Our Foreign Staff

A CALL for direct peace negotiations between Israel and Jordan issued by Mr Shimon Peres, the Israeli Prime Minister, has fallen on stony ground, not only on Amman but in Jerusalem as well. Not surprisingly, it was also rejected by the Palestine Liberation Organisation (PLO).

Speaking at the UN General Assembly on Monday, Mr Peres offered to go to Jordan's capital if necessary to seek peace and did not entirely rule out "the support of an international forum" to get the direct talks started.

His cautiously worded speech, which departed in no significant way from previous statements, caused a considerable outcry among right-wing political circles in Israel, including leading members of the Likud bloc, which shares power in the Government coalition with Mr Peres's Labour Party.

Both Mr David Levy, a Deputy Premier, and Mr Yitzhak Modai, the Finance Minister, criticised Mr Peres for failing to specifically exclude the PLO from the peace proposals which he raised at the UN.

Mr Yitzhak Shamir, the Vice Premier, said in Luxembourg that he totally ruled out any international forum, even as a precursor to direct talks between the two countries.

A Jordanian Government spokesman in Amman was quoted yesterday as saying that Jordan rejects any unilateral peace settlement with Israel. Any "partial or unilateral settlement with Israel" was rejected by the prime ministers of Jordan and Syria following a meeting on Monday, the spokesman said.

Mr Yasser Arafat, the PLO chairman, who was reported to be on his way to Cairo, also rejected bilateral negotiations. The call by the Israeli Premier was, according to Mr Arafat, designed to drive a wedge between Jordan and the PLO.

U.S. envoy meets Bourguiba in bid to patch relations

BY FRANCIS GHILÈS IN LONDON

MR JOHN WHITEHEAD, U.S. Deputy Secretary of State, held talks with President Habib Bourguiba in Tunis yesterday on the third and last leg of a fence-mending tour including Italy and Egypt.

The tour followed the row after the Israeli raid on the Palestine Liberation Organisation headquarters in Tunis and the highjacking of the liner Achille Lauro.

The authorities in Tunis have not mentioned the visit publicly for fear of inflaming public opinion in which President Ronald Reagan's initial justification of the Israeli raid still rankles.

The Tunisian press continues to publish articles highly critical of U.S. behaviour, and has had warm praise for Sig Bettino Craxi, the Italian Prime Minister, who condemned the Israeli raid on Tunis.

The media has also noted that Sig Craxi paid the price for having stood up to U.S. pressure for the extradition of Mohammed Abu Abbas, the Palestinian leader Washington has accused of masterminding the hijacking of the Achille Lauro.

"The harm done to our country is enormous and can never be forgotten," the independent Le Temps newspaper said yesterday.

It was a sentiment echoed by M Mahmoud Mestiri, Secretary of State for Foreign Affairs when he commented that there was "a crisis" in what have traditionally been warm and friendly relations between the two countries.

Coalition unlikely, says Japanese party leader

BY JUREK MARTIN IN TOKYO

JAPAN'S fourth largest political group, the Democratic Socialist Party, has no intention of entering into a coalition with the ruling Liberal Democrats (LDP), according to Mr Saburo Tsukamoto, its chairman.

In a speech in Tokyo, Mr Tsukamoto quashed speculation that an apparent similarity of views with the LDP on issues such as defence spending could form the basis for any coalition.

It was up to the LDP, the DSP chairman said, to make the necessary approaches. He doubted that either Mr Yasuhiro Nakasone, the Prime Minister, or any of the other aspiring LDP leaders was contemplating such an offer.

A year ago, Japanese politics were thoroughly shaken when it emerged that Mr Susumu Nikaido, another LDP leader, had plotted to unseat Mr Nakasone in talks with other LDP elders and some members of the middle-of-the-road parties.

Since then, in the political manoeuvering that is gathering pace in advance of likely elections next summer, coalition talk has been quite constant.

At the weekend, however, Komeito, the third largest party and also closer to the LDP than to the Socialists, produced a bill of particulars against Mr Nakasone which seemed to preclude any early getting together.

For its part, the DSP was last year even considering dropping the word "socialist" from its name.

But yesterday, Mr Tsukamoto, speaking with considerable directness, argued the party was still committed to a "socialist" (although non-Marxist) philosophy.

Mr Tsukamoto had no words of encouragement, however, for the Socialist Party either, condemning particularly what he felt was its short-sighted defence policy.

He added, in words Mr Nakasone is constrained from using in public, that he thought the consuming issue of the 1 per cent of GNP ceiling on defence spending was by now a red herring.

Soviet missile 'in breach of Salt 2 treaty'

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

Weinberger: SS-25 now deployed

MR CASPAR WEINBERGER, the U.S. Defence Secretary, yesterday charged the Soviet Union with deploying a new mobile intercontintental missile, in clear breach of the 1979 Salt 2 strategic arms limitation treaty.

Pentagon officials denied that the accusation was timed to influence next month's summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev, the Soviet leader, at which arms control will be a major topic. They conceded that it was intended to illustrate the difficulty of negotiating meaningful arms control agreements with the Soviet Union.

Hitherto the U.S. has said that the new missile, the SS-25, was "nearing deployment." Yesterday, however, in a speech to the Ethics and Public Policy centre, a conservative think tank, Mr Weinberger said: "I can officially confirm that one of their new ICBMs, the mobile SS-25, is now being deployed and is an unquestionable violation of Soviet assurances given to the U.S. under the Salt 2 accord."

Washington maintains that by developing two new intercontinental ballistic missiles, the SS-25 and the SSX-24, Moscow is violating a treaty provision limiting the two sides to one new ICBM each.

Yesterday, Mr Weinberger for the first time dropped the "X" from the SS-25's designation, signifying that the missile had moved from the experimental to the operational stage.

The SSX-24, which can carry up to 10 warheads, is roughly comparable to the U.S. MX, which is due to start deployment at the end of 1986.

The SS-25 is a smaller, single-warhead missile that can be transported by road on special mobile launchers. Its possible American equivalent, the Midgetman, is still under study and could not be operational until the early 1990s.

Moscow denies that it has breached the treaty, claiming that the SS-25 is not a new missile, but a modernised version of the older, two-warheaded SS-13.

The U.S. has flatly rejected that contention, saying that the SS-25 is significantly different in size, range and propellant.

Mr Weinberger said the SS-25 deployment was "not, sadly, the only case of a Soviet violation of arms control agreements." He renewed American charges that the construction of a new Soviet radar system at Krasnoyarsk in central Siberia is "a blatant violation" of the 1972 anti-ballistic missile (ABM) treaty.

The difficulty of verifying and enforcing arms control agreements is one of the main arguments used by hardliners in Washington to challenge the desirability of new accords with Moscow.

In publicising the reported SS-25 deployment, Mr Weinberger was probably hoping to strengthen the U.S. negotiating position, and stiffen Mr Reagan's resolve, before his meeting with Mr Gorbachev in Geneva.

Many arms control experts, however, believe that a move to smaller, mobile ICBMs, like the SS-25 and the Midgetman, could help to stabilise the nuclear balance between the two superpowers.

The peacemaker retains its touch

BY OUR UN CORRESPONDENT

UN

40th ANNIVERSARY SESSION

THE United Nations celebrates its 40th birthday tomorrow, a very different institution from the one envisaged by Churchill, Roosevelt and the other founding fathers — and certainly much less effective. Nevertheless it remains an important element in global insurance against a recurrence of the fateful events that brought it into being.

If there has been a universal theme in the speeches delivered by scores of heads of state and government now attending the UN commemorative ceremonies it is that, despite all its manifold shortcomings, the organisation remains an indispensable element in international relations.

Adlai Stevenson, who was President Kennedy's UN representative, used to say that if such an institution did not exist it would have to be invented. Herr Hans-Dietrich Genscher, West Germany's foreign minister, used almost the same words in his General Assembly speech on Monday and there is a good chance that they will find an echo also in the address President Ronald Reagan is due to deliver to the UN tomorrow.

It will be Mr Reagan's fourth appearance in the General Assembly, a clear sign that even if the U.S.—or, for that matter, the Soviet Union—would prefer that the UN not become too adventurous the organisation remains important in great power perceptions.

In fact, public opinion polls have consistently found a substantial majority of Americans support the UN and would like to see it stronger.

It is a simplification to claim that without the world body there might have been a third world war by now — the fact is there have been 140 smaller conflicts since 1945. But, in the view of many members, the UN's capacity for defusing crises has served the international community well over the years.

The 1956 Suez debacle, the 1962 Cuban missile crisis and the 1973 Middle East war, each with its potential for broader conflict, are often cited as examples of UN peacemaking at its best.

UN armies maintain uneasy truces as buffers between antagonists in several places — there have been 13 such peacekeeping operations, including those in Korea and the Congo. The world body is also often asked to send observers and fact-finders, whose very presence can help to hold dangerous tensions in check.

The secretary general's "good offices" are often sought. At the present time, the incumbent Sr Javier Perez de Cuellar, is the only person actively engaged in serious, albeit quiet, diplomatic efforts to solve the problems of Cyprus and Afghanistan and end the Gulf conflict. In each case both sides have accepted his role as neutral intermediary.

Still, Sr Perez de Cuellar is faulted by some for not being more courageous with diplomatic initiatives, bearing in mind that he came to office almost four years ago proclaiming that, as he would serve only a single five-year term, this would make him a freer agent.

His predecessor, Kurt Waldheim, was often accused of adjusting his diplomatic sights to longer-term re-election ambitions.

If the UN is a disappointment for many as far as its political achievements are concerned, it is an acknowledged success in the social and economic fields.

Millions of men, women and children are alive today because of the far-flung relief activities of Unicef, the UN children's fund. Third world countries owe hundreds of development projects to the UN development fund. Ten million refugees are cared for by the office of the UN High Commissioner for Refugees, and the UN remains the focal point for African famine relief, after Sr Perez de Cuellar was the first major figure to draw world attention to the dimensions of the crisis.

The UN began with 51 members and was essentially a Western institution, Soviet co-sponsorship notwithstanding. Today there are 159 member states and the third world nations, most of which owe their independence in part to the clamour for national independence orchestrated by the UN in the 1950s and 1960s, have a built-in majority.

This has caused the U.S. to demand a system of weighted voting, contrary to the charter and current rules. If Washington does not get its way—and there is no chance that it will—it threatens to cut its UN contribution from the present 25 per cent to 20 per cent of the annual budget which totals more than $800m.

That could happen as early as 1987 and confront the organisation, not for the first time, with a serious financial crisis. In today's 40th anniversary euphoria, that is something no one is keen to ponder.

Star Wars skirmish heads for prime-time television in U.S.

FRIENDS and enemise of the proposed Star Wars Strategic Defence Initiative are using television commercials in their efforts to influence U.S. arms-control policy, AP reports from Washington.

Commercial supporting Star Wars began running this week on two Washington channels.

The coalition for the Strategic Defence Initiative announced earlier this week that it is trying to raise another $1.7m to buy national television time for the newly produced 30-second commercial that bills the system as a "peace shield."

Mr Howard Ris, executive director of the Union of Concerned Scientists—which spent about $100,000 earlier this year on anti-SDI commercials—said the group plans a new campaign.

Officials of both sides say they receive funds through private donations. The battle of the airwaves began earlier this year when the scientsists' group purchased time for a television advertisement illustrating the view that SDI will militarise space and increase the possibility of nuclear war.

The commercial depicted a child gazing at the night sky and seeing an explosion.

Mr Daniel O. Graham, a retired U.S. general and a leading figure in the pro-SDI movement, said: In our commercials, the little girl gets saved by SDI."

The commercial opens with a child's crayon drawing of a house, and stick figures covered by a dome-like shield. Incoming missiles are zapped by the shield, which turns into a rainbow. Through it all, a child's voice says: "I asked my daddy what this Star Wars stuff is all about. He said that right now we can't protect ourselves from nuclear weapons and that's why the president wants to build a peace shield.

"It would stop missiles in outer space so they couldn't hit our house. Then nobody nobody could win a war . . . and if nobody could win a war, there's no reason to start one. My daddy's smart. Support the peace shield," says the advertisement.

Alfonsin orders arrest of top army general

BY JIMMY BURNS IN BUENOS AIRES

The Argentine Government of President Raul Alfonsin yesterday ordered the arrest of six army officers and six civilians in connection with recent terrorist attacks.

The officers include Col Pascual Guerreiri, the deputy head of the army intelligence service J-2, and General Guillermo Soarez Mason, the former commander of the First Army Corps based in Buenos Aires, who has been a fugitive since being publicly linked to Italy's outlawed P-2 masonic lodge, drugs and arms trafficking, and human rights violations in January 1983.

Yesterday Gen Soarez Mason, who was briefly sighted in a seaside resort earlier this week after having allegedly lived in Spain for over a year, was continuing to elude arrest. The others have all been detained.

The arrests follow a high-level weekend meeting between Sr Alfonsin and the military high command at which the President is understood to have received assurance that the tactics of the accused do not command the support of a wider section of the armed forces.

The Government, invoking a presidential decree used only in exceptional circumstances, accused the 12 of orchestrating a deliberate attempt to undermine the country's democratic institutions.

The arrests follow a growing wave of bomb attacks against military and civilian targets, numerous death threats, and a provocative series of articles in some sectors of the local media claiming that the country is on the brink of political and social chaos.

The civilians arrested include two journalists who are alleged to have been actively collaborating with hardline members of the armed forces.

Government officials believe the 12 constitute the main core of a small but determined extreme Right group bent on exploiting current military disagreement over the trial of the former junta members and the generally heated political atmosphere in the run-up to the November 2 parliamentary elections.

The political sympathies of those arrested and their activities have been known to the government for months but yesterday's initiative was prompted by the recent bomb attacks.

Relations between President Alfonsin and the military remain strained over the human rights issue. However, most observers here rule out the prospect of a coup because President Alfonsin's popularity remains high and the economic situation is largely under control.

Nevertheless government officials admit that the next few weeks could prove crucial in determining just how successful the government has been in neutralising the last vestiges of the former military regime.

Yesterday's arrests coincided with the final day of the defence's summing up in the six-month long trial of the nine members of the juntas.

The court martial board is expected to spend the next two weeks sifting through the evidence before reaching a verdict in early December.

Killer of Harvey Milk commits suicide

BY LOUISE KEHOE IN SAN FRANCISCO

DAN WHITE, who killed San Francisco mayor George Moscone and supervisor Harvey Milk in 1978, has committed suicide.

The former San Francisco supervisor, who was found guilty of shooting the mayor and Mr Milk, a gay activist, in San Francisco city hall, died on Monday in the garage of his San Francisco home after piping carbon monoxide exhaust fumes into his car.

Mr White's death is the final chapter in a tragic sequence of events that has had a major impact upon the state of California. His crime left a legacy of legal and community outrage.

Following the deaths of Mr Moscone and Mr Milk, Mr White was tried on charges of voluntary manslaughter, rather than murder as many would have hoped. In his defence he argued that his consumption of large quantities of junk food left him incapable of making rational decisions.

His sentence, later reduced, of seven years and eight months in a state prison caused riots among San Francisco's large gay community.

The so-called "Twinkie defence" (a Twinkie is a popular cream-filled sponge cake) prompted state lawmakers to stiffen the rules of "diminished capacity" and insanity defence, to introduce tougher penalties for violent crimes and to require the death penalty in "special circumstances," including the killing of a public official.

In 1982, the "Twinkie defence" also became the rallying cry for those sponsoring the "victim's bill of rights" which made sweeping prosecution sponsored changes throughout the state's legal system.

The deaths of Mr Moscone and Mr Milk, two of San Francisco's most liberal politicians, also galvanised the gay rights movement throughout the U.S. Harvey Milk became a martyr for the national gay rights movement and the riots that followed Mr White's trial became a symbol of gay power.

Rolls-Royce presses Malaysia over loss of $40m air order

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

ROLLS-ROYCE of the UK is pressing Malaysia for compensation following the sudden loss of a $40m (£28.5m) engine order to Pratt & Whitney of the U.S.

The action springs from a 1981 agreement under which Rolls-Royce was to supply engines for four Boeing 747s to be purchased by Malaysian Airline System (MAS), the national flag carrier.

Last month, the Kuala Lumpur Government over-rode the engine order relating to the third 747, but to pre-empt any legal problem, ordered the aircraft to be purchased by Petronas, the state oil corporation, and leased to MAS.

Though the original order could still materialise, Rolls-Royce believes it has grounds for compensation because of the disruption to current production and to its own development plans caused by the Government's switch.

The British Government remains surprised, not to say upset, over the engine order, even though officially there was no link between continued orders for Rolls-Royce and MAS's fifth weekly flight to London.

Permission for the flight was granted by Mrs Margaret Thatcher, Britain's Prime Minister, when she visited Kuala Lumpur in April, a move which at that time defused latent tensions between the two sides.

MAS itself is believed to have resisted the change in its engine purchasing plans, which was decided on by Mr Daim Zainuddin, the Malaysian Finance Minister.

But the airline has been additionally embarrassed because the Government's intervention—and now the possibility of a legal tangle—has coincided with a major share issue to the Malaysian public.

Moreover, the Petronas deal with Boeing and Pratt & Whitney is yet to be signed, which means MAS faces the possibility of a delay in delivery of the aircraft beyond the original mid-1986 target date.

Should that happen, MAS's plans for two new weekly flights to the U.S. West Coast and the fifth weekly flight to London could also be held up.

Bidding will cut cost of Singapore Metro by 15%

BY CHRIS SHERWELL IN SINGAPORE

THE COST of Singapore's Mass Rapid Transit metro project will come out at least 15 per cent under its original S$5bn (£1.6bn) budget because of competitive bidding by foreign contractors, the MRT Corporation has revealed.

The figure, given exactly two years after construction work began, confirms for the first time the substantial margin of savings gained by the island state by starting and then accelerating the project in a period of international recession.

It also means that the Government, which is suddenly grappling with the country's lowest economic growth in two decades, now has a clear idea of the final cost of its biggest-ever civil engineering project.

The figure came from Mr Michael Fam, MRT Corporation chairman, who stated that savings would be 15-20 per cent, "but closer to 15." He said 63 contracts had been awarded so far, and another 12 would be given by the middle of next year.

Although the project is keeping broadly to its accelerated schedule, contractors say delays are occurring in tunnelling rather than in station construction.

Completing the project on time is a matter of honour for Singapore, and contractors say outstanding differences with the MRT Corporation over additional work are being approached in the right spirit.

The project's most serious disruption to Singapore's normally smooth-running way of life came earlier this week, when a main artery in the central shopping area was closed because of subsidence

Kathy Evans reports from Dubai on Emirates Airlines, a new competitor for regional carriers

Feathers ruffled as new airline takes to Gulf skies

EMIRATES AIRLINES, the new entrant to the Gulf aviation scene which starts proving flights today, has already started to ruffle feathers in the region. Its ambitious plans reflect the commercial drive of its home emirate of Dubai and the personality of the man thought to be its creator—Sheikh Mohamed bin Rashid al Maktoum, better known in Britain for his success on the racetrack.

The airline starts on a humble note, with two aircraft, an Airbus and a Boeing 737-300, both leased from Pakistan International Airlines (PIA), 83 cabin crew and a chairman. He is the brother of the Dubai ruler, 29-year-old Sheikh Ahmed bin Said al Maktoum. The airline's working capital is said to be "tiny."

Until recently, most people in the Gulf assumed that Gulf Air was the national carrier for not only Bahrain, Oman, and Qatar, but also for the federation of seven sheikhdoms known as the United Arab Emirates, of which Dubai is a leading member. In the last 11 years since the four states took it over, Gulf Air has built up an identity in the region not reliant only on the cucumber sandwiches and large whiskies which its hostesses freely dispense between the "dry" states of the Gulf. Why then has Dubai gone it alone?

Perhaps the most important reason is that Dubai was never a shareholder in Gulf Air in the first place. The airline is owned in the personal names of the heads of state of the four member nations. In the case of the UAE, this means Sheikh Zayed bin Sultan Nahayan, who is president of the federation and ruler of Abu Dhabi.

Emirates

EMIRATES AIRLINES is to acquire nine additional aircraft over the next four years to operate planned routes to Europe, Asia and the Middle East, Sheikh Ahmed bin Said al Maktoum, its chairman, said yesterday.

Sheikh Ahmed did not specify whether the aircraft would be purchased or leased, but it is believed that the airline prefers the latter.

He added that Emirates Airlines intended to run a service to Cairo and the Gulf states by the beginning of next year, and to Europe and Asia in a year's time.

Having one's "national" carrier owned by the ruling sheikh next door clearly irritated Dubai from the very beginning. In the past few years, Gulf Air has tried to rectify the situation, and as late as last July was offering Dubai a shareholding in the airline. By that time, however, Dubai had already taken the decision to form its own airline.

Dubai believes that Gulf Air acted "arrogantly and insensitively" towards the emirate which sees itself, like Bahrain, as the "gateway to Arabia." The regional carrier is headquartered in Bahrain, and in the past two years, Dubai felt it was not receiving sufficient attention from the airline.

Gulf Air, Dubai officials say, cut its services from 108 movement a week in 1983 to 47 last year. Gulf Air officials say the cuts were merely a reflection of a change in aircraft used on Dubai routes, and that the capacity remained the same.

To Dubai, with its open skies policy to internatonal airlines, freewheeling atmosphere and easy visa rules for businessmen, such a cut in air connections, for whatever reason, conflicted with its role as an entrepot centre for the region. "As a trading centre, we absolutely depend on good communications. It's our lifeline," commented one Government official.

Local aviation circles suggest another reason for Gulf Air's cut in Dubai services. For years the airlines has been seeking traffic rights to the highly lucrative routes to Islamabed, Lahore and Rawalpindi, where most of the Pakistani immigrant workers in the Gulf originate.

The Pakistan airline welcomed Gulf Air's approach, provided it could prove it was the national carrier for Dubai, from where PIA wanted to run its services. The Dubai Government politely declined to issue such a declaration and the result was a cut in services to the emirate.

Relations between the two took a further nosedive when Gulf Air attempted to secure royalty payments from a number of foreign airlines operating into Dubai airport. Singapore Airlines, KLM, and

Cathay Pacific were all approached to pay for the privilege of entering this highly lucrative market. Some rejected the demand outright and many to this day do not have an interline agreement with Gulf Air, under which passengers can freely transfer between carriers on the same route.

Dubai regarded this demand by Gulf Air as a clear contravention of its sovereignty, and its right to conduct civil aviation policy. Its policy has been one of the most liberal in the world, for in the interest of promoting Dubai as a transit and business centre, airlines coming to and from the Far East have been able to pick up passengers, many of them travelling at cheap discounted fares, to the anger of Gulf Air.

Senior Gulf Air officials in Bahrain rebuff suggestions that their demand for royalty payments from the foreign airlines represented an intervention in Dubai's aviation policies. "It was merely a commercial agreement between various airlines and our selves," one official remarked.

Now that Emeriates Airlines is off the ground, the battle lines are clearly defined. The new airline has only three destinations to fly to so far—Bombay, New Delhi and Karachi. It had earlier secured landing rights in Kuwait, but Gulf Air successfully managed to get these rescined until after the Gulf Co-operation Council summit in Oman next month. Clearly, Gulf Air pulled every political string it could. "The Emir of Bahrain phoned the Emir of Kuwait and that was that," said an official of Emirates Airlines.

The Dubai airline has also applied for landing rights in Muscat, Oman and Bahrain, the home base of Gulf Air. These rights, senior Bahraini officials say politely, are "under study." Emirates Airlines could however be more successful with the much-coveted routes to Pakistan, given the co-operation on aircraft and crews which already exists.

Meanwhile, Gulf Air also appears to be working out its strategy. Its new winter schedule gives Dubai only 24 flights a week, say unconfirmed reports. This arrangement would effectively thwart Dubai's original objectives of ensuring a greater number of connections.

Gulf Air has, however, announced extra services through Sharjah airport, 20 minutes away in a neighbouring emirate. Officials say that a relocation of Gulf Air services to Sharjah is necessary if the network of Asian and inter-Gulf services is to be preserved. Foreign airline representatives are now also considering relocating to wherever Gulf Air decides to base itself, so they can ensure easy connections.

There are two results so far from the battle. First, by discriminating against Gulf Air, Dubai has effectively ended its open skies policy. Second, the shifting of Gulf Air operations to Sharjah will lessen Dubai's attractions to both passengers and international airlines. A price war could also result, for Gulf Air officials say that their prices from Sharjah will reflect "market forces."

Gulf Air has a few more aces up its sleeve. It is currently refusing an interline agreement with the new airline, and in February next year, it plans to float 40 per cent of its shares to the public in the four states. The airline would thus gain a greater identity as a "national" carrier. A further embarrassment for the new airline is that Gulf Air's chairman next year is to be from Abu Dhabi.

But Gulf Air's most powerful card is a political one, for the formation of the new airline bucks the historical trend of unity and economic co-operation between the Gulf states. Aviation circles view it as significant that this year, Sheikh Mohammed of Dubai is planning to attend the forthcoming Gulf summit. It will be the first time he has ever attended, though Dubai officials say that this was decided upon Months ago.

With Gulf Air playing the political card on the one hand and Emirates Airlines appealing to the powerful Gulf ideologies of free enterprise and competition on the other, it is hard to predict which of the two holds the winning hand.

French win order for smart card

BY DAVID MARSH IN PARIS

BULL, THE French state-owned computer group, will supply an experimental batch of electronic "smart" cards to the Royal Bank of Canada to give the bank's customers access to details of account balances.

The contract, although small in value, is the first breakthrough in Canada for French smart card technology, which is already being tested for a number of applications in the U.S.

In September Bull received an order for 12.4m smart cards from the French banks, which will be distributing them progressively around the country from next year to build a nationwide cashless shopping system.

Experimental use of smart cards for cashless banking has just started in the U.S. state of Maryland by the Mashtercard credit card organisation, while a number of other U.S. banks have also shown interest in testing the card.

The smart card, a plastic rectangle containing an in-built micro-processor and memory, was invented by a Frenchman in 1974. It can be used to carry out financial transactions as well as in a range of other applications spreading from making telephone calls to checking individuals' identity for access to buildings.

The Royal Bank, based in Montreal, will use the cards to enable business clients to gain access to computerised banking information concerning their companies.

The French company's hopes of selling the card worldwide have been boosted this month by the decision from the International Standards Organisation to adopt the Bull micro-processor norm as the standard for chip cards distributed around the world.

Honda luxury car on sale in U.S. next April

By Kenneth Gooding, Motor Industry Correspondent

HONDA'S version of the XX luxury car developed in co-operation with Austin Rover of the UK called the Legend, will be introduced at the Tokyo Motor Show next week and go on sale in the U.S. in April, the Japanese group said yesterday.

A new dealer network, called Acura, with 50 outlets, has been set up to handle the model in the U.S. where Honda hopes to sell between 20,000 and 30,000 a year compared with only 1,500 in its domestic market.

U.S., Gulf states to start petrochemical talks soon

The U.S. and the six-nation Gulf Co-operation Council (GCC) will start talks in January on petrochemical exports to the U.S., a council official said yesterday, Reuter reports from Riyadh.

Mr Abdullah al-Quwaiz, Assistant Secretary-General for Economic Affairs, said experts from the GCC and the U.S. would meet in Riyadh.

After a meeting of the council's oil ministers, ahead of a Gulf summit meeting in Muscat next month, Mr al-Quwaiz said GCC experts will also meet in Europe in December with officials from the European Community.

The Gulf states, particularly Saudi Arabia, are building a large petrochemicals industry in an attempt to secure a substantial share of the world market.

They want free access for their products to the industrialised world, but this worries producers in Europe and the U.S. who see their own industries going into decline as a result.

Several meetings have already taken place with EEC officials on the subject.

Bank of England is accused of JMB 'fraud'

BY PETER RIDDELL, POLITICAL EDITOR

ALLEGATIONS that members of the Bank of England staff were involved in illegal and fraudulent activities in relation to the collapse of Johnson Matthey Bankers (JMB) were made by Mr Brian Sedgemore, Labour MP, in a House of Commons motion published yesterday.

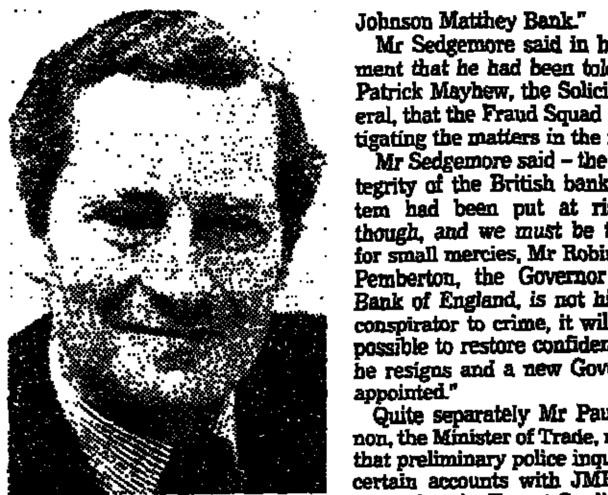
The motion, which is protected under parliamentary privilege, follows a series of allegations made in the summer by Mr Sedgemore about alleged fraud in the JMB affair.

Yesterday he called it the biggest financial scandal of the 20th century. "So far we have only seen the first worms crawl out of the can," Mr Sedgemore said in a statement. He is likely to raise, the matter during the Queen's Speech debates which start in a fortnight.

His motion calls on the Government to set up an inquiry into the JMB collapse (which occurred just over a year ago).

Among other items he says this should examine evidence that "members of the Bank of England conspired with each other, with Mahmud Sipra and his solicitors and with others to utter forged documents in relation to $27m arising out of the Johnson Matthey Bank collapse."

He also calls on the inquiry "to examine evidence that members of



Mr Robin Leigh-Pemberton

the Bank of England conspired with each other and with others to defraud the liquidator of companies in the El Saeed Group and to defraud other creditors; and further calls on the inquiry to examine the conduct of (a) the Governor of the Bank of England, (b) directors of the Johnson Matthey Bank appointed by the Bank of England, including Rodney Galpin, Patrick Brennan, Patrick Smith, George Copus and Martin Harper and (c) David Curtis and Mr Thomason of Hambros Bank in relation to their activities concerning Johnson Matthey Bank."

Mr Sedgemore said in his statement that he had been told by Sir Patrick Mayhew, the Solicitor-General, that the Fraud Squad is investigating the matters in the motion.

Mr Sedgemore said – the very integrity of the British banking system had been put at risk. "Although, and we must be thankful for small mercies, Mr Robin Leigh-Pemberton, the Governor of the Bank of England, is not himself a conspirator to crime, it will be impossible to restore confidence until he resigns and a new Governor is appointed."

Quite separately Mr Paul Channon, the Minister of Trade, revealed that preliminary police inquiry into certain accounts with JMB would mean that the Export Credits Guarantee Department would be involved. The ECGD would co-operate fully with the police in its inquiries.

● Terry Povey adds: The Bank of England last night declined to comment "at this time" on the allegations. Answers would have to come through the proper channels now that the matter had been brought up in Parliament, an official said.

However, he pointed to recent comments by Mr Leigh-Pemberton to the effect that the Bank would not stand in the way of any investigation into fraud in connection with JMB.

RIVAL INTERNAL BIDS FOR WARSHIP MAKER

Vosper Thornycroft directors set to take over shipyard

BY ANDREW FISHER, SHIPPING CORRESPONDENT

FIVE DIRECTORS are set to become the new owners of the Vosper Thornycroft warship yard in Southampton, having outbid a rival attempt by three of their colleagues. The price is likely to exceed £15m.

The yard, which is negotiating a £350m frigate order with Pakistan against West German competition, said yesterday that the management team led by Mr Peter Usher, the present managing director, had been selected as the preferred bidder by British Shipbuilders (BS) the state-owned parent group.

BS is selling off its profitable warship facilities as part of the Government's privatisation programme. It is being advised by Lazards, the merchant bank. Still to be sold are Swan Hunter on the Tyne, in North-East England, Vickers in Cumbria, and the small Hall Russell yard in Aberdeen, Scotland.

No sale price was mentioned yesterday for Vosper Thornycroft, which made a pre-tax profit of nearly £8m in the financial year to March 31, 1985, but the team led by Mr Usher is believed to have bid between £15m and £20m.

The existence of two internal bids for the same yard is thought to have caused some rancour among the Vosper management. Mr Usher said yesterday that employees would have the opportunity to own shares in Vosper. The sale is subject to final government approval, expected next week.

Vosper, which has no connection with the recently privatised Vosper Shiprepair, employs nearly 3,000 people, about 1,000 less than a year ago. It is building mine-detecting ships of glass-reinforced plastic for the Royal Navy and fast patrol craft for a foreign navy, as well as refitting frigates for Indonesia.

The buyout is being financed by County Bank Development Capital, with Gresham Trust and Standard Chartered Bank. Apart from two internal bids, there was also one outside bid from an undisclosed company.

The Government set March 31 1986 as the date by which it wanted the warship yards sold back to the private sector. The sale of Swan Hunter, probably to a management team, is likely to be announced soon. Vickers has just been formally put up for sale, with directors also contemplating a buyout attempt.

Schroder raises buyout funds

J. HENRY SCHRODER WAGG, the London merchant bank, yesterday announced that it had raised £72m from British and U.S. institutional investors for equity investment in management buyouts, William Dawkins writes.

This is the second buyout fund to be unveiled this week and is a further sign of the interest being shown by financial institutions in what is a long-established but fast-growing investment sector.

The total capital available to the Schroder UK Buy Out Fund will be between £200m and £250m if the various kinds of loan finance that will be offered with the equity are taken into account.

The Prudential Insurance Company of America is the biggest investor with a £25m stake. British pensions funds and insurance companies make up the rest. Investors will be offered the opportunity to back Schroder-sponsored management buyouts on their own account.

Schroder is looking for investments of a minimum of £2m and is already negotiating to back the management buyout of a large British producer of consumer goods.

Funding analysis, Page 10

Supermarket outlets for cars 'unlikely prospect' says report

BY JOHN GRIFFITHS

SALES OF new cars through supermarkets or hypermarkets in the same manner as white goods and other consumer durables remains an unlikely prospect, despite widespread speculation on the subject, according to an SRI International (formerly Stanford Research Institute) consultant who is part of a team investigating the future for car dealerships in Europe.

The study has been commissioned jointly by most of Europe's volume car producers, including Ford, Fiat, Volkswagen and Peugeot.

It seeks to assess the likely structure of distribution and retailing for an industry which supplies some 10m European buyers a year with new vehicles having a total value estimated by SRI at £60m. Additionally, it estimates used car sales at £30–£40bn and sales and servicing worth a further £40m–£50m.

The sector's combined provide jobs for 440,000 in the UK and a probable 2m in Europe overall according to SRI. Mr John Bailey, senior consultant on the programme, said that while the study would extend well into next year, a number of initial conclusions could be reached. Among them were that although numbers of car dealerships would fall and some restructuring would go on, non-specialised outlets were unlikely to feature significantly in future sales patterns.

"Cars have become much more reliable," said Mr Bailey. "In the past, they have needed about 20 hours of maintenance over a 100,000 kilometer period. That has been cut by half and by 1990 the average will have been halved again."

However, he was not convinced that cars would not continue to require fairly constant attention requiring specialist facilities.

This requirement could be catered for by specialised service outlets, not necessarily connected with a manufacturer. Mr Bailey said that despite indications from both car manufacturers and dealers that they saw no alternative to the existing franchised system "SRI has yet to be convinced of that."

He did not rule out change being introduced by manufacturers themselves, perhaps under the severe competitive pressures.

Receiver of aircraft company cuts staff

BY LYNTON MCLAIN

A TOTAL of 238 staff at Edgley Aircraft, Salisbury, about 80 miles west of London, were made redundant by the company's receiver yesterday. Edgley manufactures the Optica observation aircraft which features a glass bubble cockpit for better vision.

Mr John Edgley, chairman and founder of the company, and Mr Bill Fraser, its managing director, were among those dismissed, Mr Christopher Barlow, one of the receivers from Cork Gulley said.

Only 51 people remain with the company. These are "core employees and management with knowledge of the Optica aircraft and shop floor precedures and the company is continuing to make aircraft," Mr Barlow said.

"We now know where we are going and it remains my intention to continue the business of the company for the time being and to find a buyer for the business and assets as a going concern."

Mr Barlow said on Monday that the Edgley factory had 46 aircraft in various stages of manufacture, there were firm orders for 16 aircraft and potential orders for 100 more.

Production is to be reduced and the receiver is expected to concentrate on producing aircraft to meet the firm orders Edgley has won.

The immediate aim will be to generate income from sales and delivery of completed Optica aircraft, now that the costs of staff have been reduced.

The receivers have had a number of positive inquiries from potential buyers for the company's business and assets.

BASE LENDING RATES

ABN Bank	11½%	■ Hambros Bank	11½%
Allied Dunbar & Co	11½%	Heritable & Gen. Trust	11½%
Allied Irish Bank	11½%	■ Hill Samuel	§11½%
American Express Bk.	11½%	C. Hoare & Co	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Amro Bank	11½%	Johnson Matthey Bkrs.	11½%
Associates Cap. Corp.	12 %	Knowsley & Co Ltd	12 %
Banco de Bilbao	11½%	Lloyds Bank	11½%
Bank Hapoalim	11½%	Edward Manson & Co	12½%
BCCI	11½%	Meghraj & Sons Ltd	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd	11½%
Bank of Scotland	11½%	National Bk of Kuwait	11½%
Banque Belge Ltd	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westeminster	11½%
Beneficial Trust Ltd	12½%	Northern Bank Ltd	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd	12½%
Cayzer Ltd	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Choulartons**		Royal Trust Co Canada	11½%
Citibank NA	11½%	■ Charterhouse Japhet	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co Ltd	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	‡
Continental Trust Ltd	11½%	Whiteway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd	12½%		
■ Robert Fleming & Co	11½%		
Robert Fraser & Ptrs	12½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand dep. 8%. Mortgage 13%.

UK NEWS

Pit union told it must help receiver

By Raymond Hughes, Law Courts Correspondent

THE REFUSAL of the national officers of the National Union of Mineworkers (NUM) to recognise the authority of the High Court-appointed receiver of the union's assets yesterday emerged as the main obstacle to the ending of the 10-month receivership. Receivership arose out of the year-long miners' strike which ended in March this year.

Mr Arthur Scargill, the NUM president, Mr Mick McGahey, vice-president, and Mr Peter Heathfield, general secretary, must say plainly that they would co-operate with the receiver and obey court orders before the receivership would be ended, Mr Justice Mervyn Davies said yesterday.

Mr Gavin Lightman, QC, for the union, said the three officers were barred from co-operating with the receiver, Mr Michael Arnold, of accountants Arthur Young, by a decision of the union's conference.

They were, however, willing to give all the information the receiver required from them to the union's new trustees who would co-operate with Mr Arnold.

Mr Justice Mervyn Davies: "You are telling me that the national conference desires these three men not to observe the law of the land? You know perfectly well the conference has no power to do that. There is not one law for Mr Scargill and another for the rest of the land."

Mr Lightman: "They are conscience bound."

The judge: "Conscience does not affect the matter. The law rules."

Mr Lightman: "You may not like the position they maintain, but it is a position in conscience."

The judge adjourned the union's bid to remove Mr Arnold until after its application on November 14 to end the over-riding sequestration order against it.

He warned that "it does not follow that, if there is any alleviation of the sequestration, the receivership is discharged."

The court had been told that union officers were ready to sign documents facilitating the tidying up of problems resulting from the transfer of £8.5m of NUM funds abroad, and that the new trustees, with the help of the national officers, would provide information required by the receiver.

More buyout funds line up behind management deals

William Dawkins looks at management buyouts in Britain and finds that the deals are getting larger – and even take place in response to a contested takeover bid.

THIS WEEK'S announcement of two management buyout funds by Citicorp and J. Henry Schroder Wagg makes available a minimum of £172m of equity to executives seeking independence from their corporate parents.

The total purchasing power they represent is many times greater and begs the question of whether the banks are expecting too much of this increasingly popular phenomenon.

Schroder, for instance, estimates that if the various kinds of loan finance to be offered alongside the equity were taken into account, its fund represents a total firepower of up to £250m. Citicorp claims on the same basis to speak for up to £500m.

The biggest source of funds for management buyouts will be the £300m stand-by facility announced by Electra Investment Trust and Candover Investments in July. The Electra Candover scheme is expected to have raised around £250m when it closes for subscriptions shortly but, even so, that represents about £1bn after loan finance is included.

Those four institutional vehicles alone speak for at least £1.75bn – and that excludes the large sums made available for buyouts from 3i and an estimated 40 smaller specialists in the field.

Can there really be that many potential management buyouts waiting to wriggle out of Britain's corporate woodwork? Dr Neil Cross, assistant general manager of 3i, traditionally the leading institution in the field, is sceptical. "A lot of money is already available. The numbers that we have seen so far have not come near to that market potential," he says.

3i has invested £140m in some 500 management buyouts over the past five years and reckons to be involved in more than half the number that takes place in the UK. But the market is changing, Dr Cross admits. Typical deals in recent years have consisted of medium-sized family-owned companies selling out to their own management or disposing of unwanted subsidiaries.

Buyouts are getting larger – each new deal seems to break a record – and can even take place in response to a contested takeover bid. The first British example of such a deal was the £55.8m purchase of Haden, the engineering group, completed in June as a counter-attack to a bid from Trafalgar House.

That was the largest British buyout at the time, but has since been topped by the £90m takeover of the Mallinson-Denny timber group and £173m buyout of Mardon Packaging. The figures refer to purchase prices rather than total funding.

Mr Charles Gonszor, a director of Citicorp Venture Capital, has no such doubts about the market's ability to swallow the huge sums being made available. British buyouts might be running at an annual rate of £1.5bn to £2bn within the next three years, he estimates.

"Awareness of this particular form of financing technique has grown considerably. We have seen the first signs that the market is about to take off," he says.

Mr Gonszor and other buyout fund-raisers point to the U.S., where management takeovers have been occurring in numbers that would leave the British market gasping for breath. Only on Monday, Mr Edward Finkelstein, chairman of R. H. Macy & Co, the New York department store, announced that he was leading a $3.6bn (£2.5bn) bid by the management for the group.

Mr Roger Brooke, chief executive of Candover Investments, says: "If we follow the U.S. pattern, we should be utilising our funds in fairly short order. Our own guess is that we will be expanding Electra Candover in two to three years."

Even so, the spate of management buyout funds are taking a shot at a market that none of them can measure precisely. "The psychology is ahead of the business," admits Mr Jon Moulton, managing partner at Schroder Ventures.

He points out that the existence of such funds will prompt British managers to think twice about their future.

"If it is believed that these things can be done, then more managers will say to themselves: 'If the parent is going to sell our division, maybe we should buy it?'"

Kinnock urges cut in Third World debt

A FUTURE Labour government would seek limits on interest rates as a way of reducing the debt burden of developing countries, Mr Neil Kinnock, the Labour Party leader, said yesterday, Nick Bunker writes.

Mr Kinnock told the London rally organised by leading British development agencies that Britain should back concerted international action to reduce debt obligations, write off large parts of the Third World debt, and ensure the stability of commodity prices.

The rally was held as part of a Fight World Poverty lobby of parliament, joined by an estimated 15,000 people, according to organisers.

Mr Kinnock said that a future Labour government would seek a "complete change" in the policies of the International Monetary Fund (IMF) towards Third World debtor countries.

"We have to work to secure the rescheduling of debts and the extension of repayment periods. We have to gain agreement to the imposition of ceilings on interest rates, without which the wealth of the world will go into usury instead of into production," he said.

"We have to fashion a system for the limiting of debt repayment to a given share of export earnings. We have to see that rich countries and institutions write off major parts of the debts of the poorest countries."

Mr Kinnock said that in order to aid developing nations and end unemployment in the developed world, the IMF would have to return to its original function of "providing a stimulus and subsidy" for world trade.

Mr Kinnock's speech fell short of calls made in a resolution passed at the recent Labour Party conference in Bournemouth which urged an immediate cancellation of all the foreign debt of developing nations.

However, Mr Kinnock promised that in the lifetime of the next Labour government Britain's overseas aid spending would be increased to 0.7 per cent of gross national product, the target figure recommended by the United Nations.

Earlier, Dr David Owen, leader of the Social Democratic Party, told the rally that a future Alliance government would also increase overseas aid to the UN target figure.

□ GEC AVIONICS has won a £34m contract from the Ministry of Defence for "night vision" equipment to be installed on Lynx helicopters of the Royal Navy.

This equipment, which will be developed and produced at the company's Electro-optical surveillance division, will enable the Lynx to carry out long-range target detection and identification at night, and in conditions of smoke and haze. This will give the Lynx a 24-hour surveillance capability.

The system includes a thermal-imaging sensor sited in the nose of the helicopter; the image it produces is displayed, like a high-quality monochrome TV picture, in the helicopter's cockpit.

□ THE REPORT yesterday of the rebuttal in the High Court by Mr Peter Cresswell, QC, counsel for Mr Michael Arnold, receiver of the National Union of Mineworkers, of a suggestion that he had invested union funds in South Africa omitted the fact that the money lodged with Standard Chartered Bank had been placed on deposit on the London money market. It was, therefore, misleading to say that the receiver had invested the funds in South Africa, Mr Cresswell told the court.

□ AT LEAST 34 Tory MPs, including one Cabinet minister and two former Cabinet ministers, have financial interests in companies operating in South Africa, Mr Gordon Brown, a Labour MP claimed.

Mr Brown has called on all MPs to declare their financial interests in South Africa before they speak or vote in today's House of Commons debate on economic sactions against that country.

□ UNIT-TRUST sales climbed to a record of £538m in September, according to statistics from the Unit Trust Association. The figure was helped by the £96m unitisation of a Scottish investment trust, but even without that, previous sales records would have been exceeded.

New type of trust, Page 11

Bill to change insolvency law faces final test

By George Graham

A BILL on insolvency which survived a rough passage through both Houses of Parliament faces its final reading in the House of Lords today. It should receive royal assent next week and come into effect in stages during 1986.

After more than 1,200 amendments, even insolvency specialists admit to bewilderment over its provisions. Some groups feel the Bill is now so confusing that they have lobbied for peers to reject it.

The rejectionist camp yesterday failed to win support from the Confederation of British Industry, Britain's employers' organisation, which has led opposition to many aspects of the Bill and is still concerned over many clauses.

"There is no doubt that the law is out of step with modern-day commercial practice and needs," Sir Terence Beckett, the CBI's director general, said, "and we therefore welcome the Act, despite our misgivings over its shortcomings."

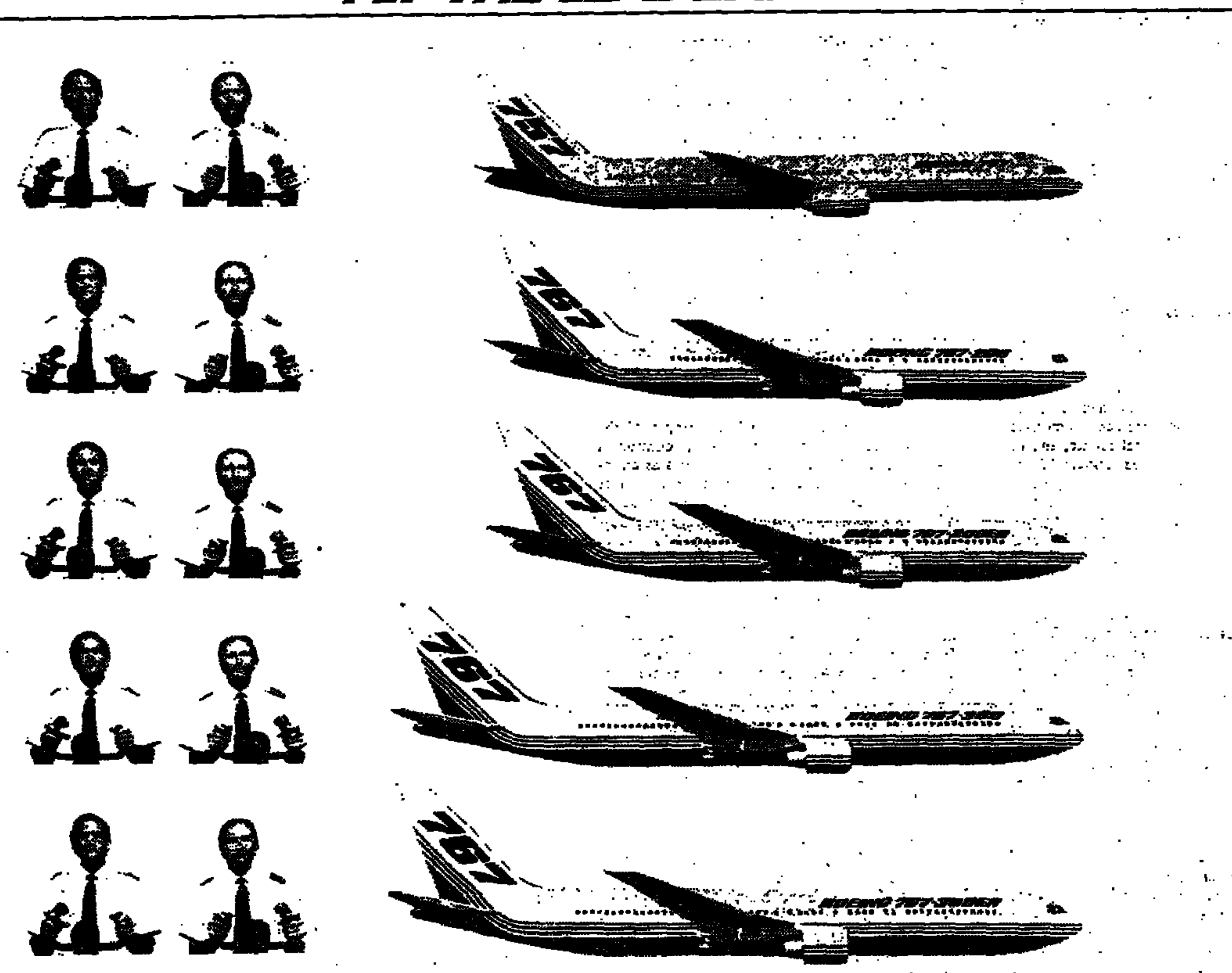
The CBI is especially worried by the Bill's measures making directors personally liable for their company's debts if they are found guilty of the new offence of wrongful trading.

"Because of its lack of clarity, the CBI believe this will penalise many honest and competent directors, while not providing any guarantee of preventing rogues slipping through the net."

The Institute of Directors and the National Consumer Council, which joined forces with the CBI to present an unsuccessful joint amendment to this clause in the Commons, agree that the Bill must now go ahead.

"We regard the Bill as a lost opportunity in its present form," Mr Richard Thomas, the NCC's legal officier, said. "But we would still like to see it on the statute book."

The Bill's measures include licensing insolvency practitioners to outlaw inefficient liquidators and disqualifying directors found to be unfit to manage a company.



Coal-fired engines for Polish ferry

By Andrew Fisher

U.S. AND BRITISH companies have won a contract to build the first marine steam-powered piston engines to be fuelled by coal for more than 30 years.

The two engines will be installed on a $46m (£32m) ferry to be built at the Kockums yard in Sweden for the Polish Baltic Steamship Company. The ship will start service on the Baltic early in 1987.

The engines will be built by Skinner Engine Company of the U.S. as part of a consortium which will provide all the engine-room equipment for the vessel.

Two UK concerns, Senior Green, a maker of boilers and automated coal combustion equipment, and Peter Brotherhood, a manufacturer of turbine sets, are also in the consortium, which will be co-ordinated by the Romac company, also UK-based.

The consortium is also talking with Kockums and another Polish shipping company about producing similar propulsion systems for up to 12 bulk carriers for the coal trade.

The Skinner engine will be an updated version of the traditional type of steam engine driven by pistons, as opposed to steam turbine engines, still being built but generally superseded by diesel engines.

Skinner did not disclose the value of the Polish contract. Mr Dennis Whiting, president of Skinner, said: "The order comes on the heels of a great deal of research throughout the shipbuilding industry for a return of this dependable, efficient alternative for marine power after years of oil dependence."

Approval of new type of unit trust expected

BY GEORGE GRAHAM

THE DEPARTMENT of Trade and Industry is today expected to approve a new kind of unit trust: the managed portfolio fund. It will be permitted to invest in other unit trusts, a freedom not now allowed by the DTI.

The first fund manager to take advantage of the approval is likely to be Barrington Management, a subsidiary of the London stockbroker Grieveson, Grant & Co. Its Planned Investment Fund will be launched on Saturday.

The "fund of funds" fell into disrepute from its association with the Investors Overseas Services empire of Mr Bernis Cornfeld, which collapsed in 1970. The DTI has been anxious not to associate the new unit-trust vehicle with IOS, and has laid down safeguards against its abuse.

Among the restrictions are:

- A managed fund may only invest in a group's own unit trusts;
- Only one managed fund per group will be tolerated;
- No borrowing or hedging will be permitted;
- The management group must have at least four underlying unit trusts for the managed fund to invest in;
- Not more than 50 per cent of the managed fund may be invested in any one unit trust, although it may own up to 100 per cent of an underlying fund;
- Initial charges may be levied on the fund, but it must then be stripped out of the underlying funds, to avoid double charging. Annual management fees, however, may be duplicated;
- The managed fund may only buy newly created units, and when it disinvests, its units must be liquidated. That is to prevent managers from using the managed fund as a buffer to support their specialist unit trusts' prices;
- No other authorised fund may invest in the managed fund; so there will be no "fund of funds of funds."

Mr Graham Mann, head of Grieveson's private client department and a director of the Barrington Planned Investment Fund, said the new unit trust was as dissimilar as possible from the experiences of the early 1970s with funds of funds. It offered an unparalleled spread of risk, he said.

The Barrington fund does not take advantage of the ability to charge annual management fees twice. Investors will pay an annual charge only on the underlying unit trusts.

That is currently 0.5 per cent for all the eight Barrington specialist funds, although the group plans to raise that 0.75 per cent next year.

Several other unit trust management groups also have managed portfolio funds waiting for final approval.

Many regard it as an unwieldy vehicle likely to under-perform a general international unit trust, which can diversify its investments in the same way as a managed fund.

Lex, Page 20

Scottish shipyard hit by dispute

By Mark Meredith

ROSYTH NAVY dockyard in Fife, eastern Scotland, has been hit by an industrial dispute designed to expose flaws in the Government's plans to allow work on warships to be carried out in privately-owned shipyards.

More than 80 workers at the yard were sent home on Monday and yesterday after blacking work on HMS Redpole, a 150-tonne coastal patrol vessel which arrived recently from a refit at the private sector Richards Shipyard in Lowestoft, eastern England.

Others among the 6,000 workforce staged one hour protests to support the blacking of the ship. It appeared the dispute was worsening.

Trade union officials see the protest as part of their campaign against the Government's plans to bring in private contractors to run the naval dockyards at Rosyth and Devonport in 1987.

Richards, part of the Tate and Lyle Group, said yesterday that the Redpole had been given a clean bill of health by the Ministry of Defence after extensive refitting which included the removal of its stern.

Navy management at Rosyth alleged that among numerous defects requiring attention were four which could possibly be attributed to Richards. The ship requires new propellers, but this was not in the brief of the contract with Richards.

The token stoppages have involved several ships in the Rosyth docks including

Automated teller machine cards 'key to electronic retail banking'

BY ALAN CANE

PLASTIC automated teller machine cards, used by customers to withdraw money from banks' cash dispensers and service tills, are the passport to tomorrow's electronic retail banking, according to Mr Robert Barone, senior vice-president for sales and marketing for Diebold Incorporated.

Unless customers could be persuaded to make more use of their cards – to raise utilisation from the present 35 per cent to 70 per cent or more, electronic funds transfer at the point of sale (EFTPOS) was doomed, he said.

There were 550 shared ATM networks in the U.S. but most were not achieving the 3,000 to 5,000 transactions a machine a month necessary to show a profit.

By 1994, there would be 310,000 ATMs worldwide, he predicted, with many used for transactions such as buying bus and ski-lift tickets. The greatest growth in the U.S. was in the use of ATMs in "convenience stores," small grocery stores stocking staple foods. "If people use these stores for convenience foods, they will use them for financial services," he suggested.

Mr Barone, whose company is a leading ATM manufacturer, was speaking on the second day of the third Financial Times electronic financial services conference, which closed in London yesterday.

Mr Bessel Kok, the newly appointed chief executive officer for Swift, the banks' worldwide electronic messaging service, warned that Swift faced two competitive threats. They arose from computer bureaux setting up instruction delivery systems to compensate for falling revenues from their traditional time-sharing business, and from the big banks themselves, many of which were establishing their own advanced telecommunications networks.

He repeated a suggestion he put forward at Swift's annual conference some weeks ago in Brighton, south-east England, that the organisation should be split in two: a co-operative society owned by all the members to operate the core messaging service, and a services company established to market computer terminals, software and new banking services.

It would be owned and managed partly by Swift and partly by banks wishing to use the products.

One of the most powerful new business techniques – the expert system, which uses artificial intelligence methods to give a computer the appearance of reasoning ability – was described by Mr Alex d'Agapeyeff, chairman of Expertech, a leading expert system company.

He gave a warning that no expert system would suddenly transfrom any particular bank function, but they were an aid to good management. Banking was rich in lightly shared know-how and so had a host of potential applications.

"These systems are do-able now, by any bank," he said. "With reasonable care, the risks are minimal. It is not absolutely necessary to wait until others have reaped the available benefit."

Mr Jack Large, controller, group automated projects for the Trustee Savings Bank group, said three main trends characterised the development of cash and treasury management systems in Europe.

Corporate treasurers were insisting on cost-effective electronic financial services, the multinationals were finding it more cost-effective to develop their own systems rather than use those provided by their banks, and everybody was trying to make more effective use of data available but in an unmanageable form.

He expected hardware, software and bank charges for those services to fall dramatically over the next decade. "This will highlight how expensive and time-consuming many of the current manual operations are," he said.

FINANCIAL TIMES
ELECTRONIC FINANCIAL SERVICES
CONFERENCE

Mr Michael Bryant, treasurer for Hertz Europe, based in London, described how one multinational had developed its own cash management system.

Originally the company operated a complex cash flow system in Europe that Mr Bryant described as a "spaghetti;" cash flow plus currency purchase added up to £1.8m a year.

It substituted an in-house bank (Hertz Europe), installed its own electronic cash management and cut cash flow by 50 per cent and currency purchase by 75 per cent.

"Make sure your system works for you and not vice versa, and do not become obsessed with technology for its own sake," he warned.

Dr Kenneth Wong, manager of the security and privacy division at BIS Applied Systems, told the conference there was as much risk of disruption of services as loss of funds through the activities of "hackers" – people who try to break into computer and data communications systems.

"The former may be much easier to accomplish than the latter and the damage more wide-ranging to banking customers in lost confidence in electronic banking."

Mr Jonathan Butterfield, head of Electronic Banking International for Chemical Bank in London, said home banking proved immediately of greater interest to the small business market than to the retail consumer. Chemical Bank was a pioneer in home banking with its Pronto system.

"Our roll-out of Pronto in 1984 evoked considerably more interest from the small-business community in greater New York than from the retail consumer," he said.

Home banking was still in its infancy, but successful entrants offered focused services – a mixture of information and transaction capability that specialised market segments would pay for.

Mr Gordon Reeve, general manager of National Westminster Bank's management services division, rejected the idea that bank branches would become redundant.

They would change and take advantage of new technology. It was no longer a luxury for the fortunate few. It was a necessity that had to be afforded by all. "I do not see the electronic branch as an ideal. I see it as a necessity which will arrive sooner rather than later."

Restructuring urged for accountancy body

BY BARRY RILEY

RESTRUCTURING of the Institute of Chartered Accountants in England and Wales, Britain's largest accountancy body, has been proposed by a working party.

Its report proposes the establishment of a system of boards to represent members occupational interests and faculties to act as focal points for technical interests.

Mr Brian Jenkins, president of the institute, yesterday welcomed the recommendations and invited members to put their views by the end of this year.

An important objective is seen to be to lighten the routine workload of the Institute's council, reducing the number of meetings and allowing its debates to concentrate on general policy rather than narrow issues.

FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

Co-operation in Southern Africa

His Excellency, Dr Denis Worrall, South African Ambassador to the United Kingdom, talks to Richard Rolfe, London-based international editor of **Finance Week** *of Johannesburg.*

Rolfe: Despite strained political relations, South Africa has many links with neighbouring countries throughout Southern Africa. What are the most important of these?

Worrall: I think there is a general position of interdependence. Transport is most important, since the South African system carries almost half the combined total imports and exports of Malawi, Zimbabwe, Zambia and Zaire — and incidentally SATS, the South African Transport Services, runs 15 300 route miles of railways, which is a quarter of Africa's total. In the case of Botswana, Lesotho and Swaziland the percentage nears 100%.

Apart from this, SATS keeps our neighbours' transport systems working. Last year almost 6 000 South African railway trucks were in use on the tracks of these states on any one day. Just two months ago, so I'm told, we had loaned 35 locomotives to neighbouring states. Without these links, many strategic commodities couldn't be moved: for example, SATS handles half of Zambia's copper exports. Mozambican locomotives and trucks, aircraft of its national carrier, and its fishing boats are also being repaired in South Africa.

South Africa supplies several of its neighbours with most of their electricity including Lesotho, Swaziland and Botswana. It is interesting too that Escom, South Africa's Electricity Supply Commission, also supplies Maputo, the Mozambican capital. But because of reduced foreign capital influx, Escom has had to increase its tariffs.

We have also participated in water and power projects like Cahora Bassa in Mozambique, Cunene Ruacana in Angola and a feasability study of the Highlands water project in Lesotho, and there are other projects being looked into. The first two projects have largely been rendered ineffective by military conflict in these areas. All Lesotho's and Swaziland's international telecommunications – and some of Botswana's – are routed through South Africa. There is ongoing co-operation in this field: Telephone operators, for instance, have been trained in South Africa's international telephone exchanges.

South Africa provides considerable health and veterinary services to Africa, particularly doses of vaccine against tropical diseases. And we regularly send out doses of animal disease vaccine to countries like Zambia, Zimbabwe and Malawi and (through agencies in Europe) to countries throughout Africa. I might add that is is common for Blacks to come from other African countries to be treated in South African hospitals at minimal expense.

SOUTH AFRICA'S LEADING ROLE IN SOUTHERN AFRICAN ECONOMIES

	%
Total GNP	80
Electricity generated	77
Coal mines	97
Iron ore milled	98
Chrome Mines	82
Maize grown	70
Wheat grown	87
Sugar cane produced	67
Cattle stock	39
Sheep flock	80
Motor vehicles	80
Tarred roads	63
Railways and harbours	60
Telephones installed	84

Rolfe: What about trade?

Worrall: South Africa's private sector is a substantial creditor in sub-Saharan Africa. The cumulative total of long-term credit guarantees by South Africa to African countries exceeds £100m (much more in sterling terms prior to the recent drop in the rand-sterling exchange rate), the bulk of which was outstanding on 1 September, 1985.

South Africa and the rest of Africa enjoy a vigorous trading partnership. In 1983 South African exports to Africa were R1 500m (£430m) while imports were R400m (£114m).

One of the reasons for this is that unlike many items imported from elsewhere, South African goods and techniques are more adapted to African conditions.

Rolfe: Why is it that the links tend to be one-way ie with South Africa supplying and its neighbours acquiring?

Worrall: Because of the size and strength of the South African economy *vis-à-vis* other countries in the region and the fact that South Africa as an independent country could develop faster than those still under colonial rule until quite recently. If South Africa sneezes, Southern Africa catches a cold. Just about all the economic statistics testify to South Africa's dominance in the regional context.

Bear in mind that South Africa and what we call the TBVC (Transkei, Bophuthatswana, Venda, Ciskei) countries have a population of 30 million, as against 10 other South African countries with almost 80 million inhabitants. One can see from this to what extent the South African economy is the core, the axis, the base of economic activity in the region.

Rolfe: On the one hand South Africa co-operates with its neighbours, but it also pursues military objectives against them. Doesn't this inconsistency disturb the South African government?

Worrall: Of course it disturbs the South African government and very deeply, I may add, to have to undertake military actions in neighbouring countries. As such, these operations (and there have only been a few) are not directed against those countries or their governments as part of an overall military objective, but are in fact only pre-emptive strikes aimed at well identified terrorist groups using these countries as launching pads for guerrilla attacks on urban targets in the RSA. We think the inconsistency is to be found rather on the part of those who, while benefiting from South Africa's co-operation, as I have described, nevertheless offer hospitality to groups intent on attacking her. A case in point is Mozambique. South Africa was prepared to sign the Nkomati Accord and thereby establish a *modus vivendi* with a Marxist state. I should add in this context that South Africa has repeatedly offered to sign non-aggression pacts with all her neighbours.

Rolfe: The debt standstill has damaged South Africa's ability to borrow abroad. What impact will this have on the domestic and regional economy?

Worrall: The answer is not a simple one. On the one hand South Africa's ability to borrow abroad is a significant factor in its economic activity: but it is not a *sine qua non*. Nevertheless, if South Africa — and the Southern African region as a whole — is to develop its infrastructure satisfactorily, borrowing from abroad has a significant role to play.

The current setback inevitably means that growth in the region is likely to be slower than would otherwise have been the case. Not only that, but funds which would have been allocated to education, health services, housing and other essential services that cry out for every available rand, will now regrettably have to be cut back, since infrastructural development will have to be met from local funds.

Rolfe: What are the likely costs of the proposed abolition of influx control?

Worrall: It is not yet clear what the new urbanisation policy will be, but what is certain is that the need for urban services, housing and so on will obviously expand formidably. Official policy already accepts site-and-service schemes and encourages self-help types of informal economic activity. Hopefully this will enable the necessary facilities to be developed without straining our balance of payments too much or requiring large injections of foreign capital. The private sector has on the other hand a significant role to play in this regard.

Rolfe: Despite unrest and other internal problems, migrant labour still comes into South Africa. Where does it come from and what effect does it have on neighbouring countries?

Worrall: Including illegal immigrants, South Africa provides employment for about 1,5m foreigners from our neighbouring states, excluding the TBVC countries. About half of their cumulative income earned in South Africa is sent home and is enough to make up a large proportion of the GNP of Swaziland, Botswana and Mozambique. It usually accounts for over 50% of Lesotho's GNP, for instance. Put another way, for every Lesotho citizen working in his own country, six are employed in South Africa.

Rolfe: Does South Africa export food to neighbouring countries?

Worrall: Except in times of exceptional drought. South Africa is one of the few food exporting countries in the world. In both 1980 and 1981, food exports to Africa amounted to over R1 000m (about £300m); the worst drought for decades subsequently affected this figure but has now largely broken and food exports should return to their previous levels. South Africa has for decades provided emergency grants of food aid to its neighbours. In 1965, for instance, South Africa donated 100 000 bags of maize and sorghum to Lesotho, then suffering a severe winter drought. In the present financial year 225 tons of milk powder, 150 tons of potatoes and a few hundred cases of eggs are being made available to countries in Southern Africa.

Rolfe: What is the purpose of having a Customs Union in the region?

His Excellency, Dr Denis Worrall

Worrall: It provides for a common internal tariff and makes possible the free interchange of goods between the member states, which in turn assists in the continued economic development of the area as a whole and the economic diversification of the less advanced members. It also means that all parties can share equitably in the benefits arising from reciprocal trade. The frequent meetings of the governments concerned also assist in building up a constructive relationship.

The Customs Union is a very significant source of income for the smaller countries, representing 32% (Botswana), 37% (Lesotho) and 61% (Swaziland) of their total revenue in the 1982/3 financial year.

Rolfe: Does South Africa supply any aid to its neighbours?

Worrall: Yes, but I would not like to specify the countries. We have much to contribute in the areas where we have special knowledge of African conditions, built up over many decades — agriculture, mining and health. And, of course, in the field of rail and air transport.

Rolfe: And to other African countries?

Worrall: Within its own financial limitations, South Africa is ready and willing to help other African states. Our main contribution is to the TBVC states and our other direct neighbours, but South Africa also offers assistance to other countries in Africa. After all, South Africa has the advantage of being on the spot. It has the indigenous expertise and technology for African conditions. It is also in South Africa's enlightened self-interest to have prosperous, developing neighbours, so we are more keenly motivated than most in this regard.

Rolfe: Summing up, what have been the trends in regional relations — warts and all? Does your government think they have been improving or worsening?

Worrall: Despite some animosity and sporadic setbacks, relations on the ground are ongoing and, we believe, steadily improving due to an increased realism on the part of all concerned. The changing scene in South Africa shows that new realisms are breaking through there, too. The countries of the region are very much aware of the positive changes that are taking place in South Africa.

There is still going to be plenty of trial and travail but hopefully a Southern Africa where all can build a secure future will not elude us.

SOUTH AFRICAN EMBASSY
Trafalgar Square
London

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Amstrad

Fast on its feet

Jason Crisp explains how the UK electronics group has avoided the fluctuations of the market and achieved rapid growth

Hugh Routledge

Alan Sugar: high hopes of his word processor and printer for £459

ALAN SUGAR sits at an ordinary desk in the middle of a busy open plan office on the top floor of a small grey block in suburban Brentwood in Essex. Aged 39 and worth over £60m on paper he is an unpretentious and blunt London East Ender who affects surprise that other people are surprised at how well his company is doing.

The fact is, until recently, Amstrad was a bit of a joke. A small British company that sold audio products cheaper than those from the Far East, dabbled in crazes like CB radio and then entered the home computer business just as the market went sour was clearly not going to be around for long.

But anyone who thought that was wrong. The proof came earlier this month when Amstrad surprised the forecasters with £20m pre-tax profits (up 121 per cent) on a turnover of £136m (up 60 per cent). A large part of that success came from home computers in just the same period as better-known names like Sinclair Research and Acorn were getting into severe financial difficulties.

Amstrad has two notable strengths. One is the way in which it puts together and markets very low-cost products such as its recently launched word processor complete with printer for £459 including VAT. The other is the speed with which it gets itself out of problematical markets like colour television, video and of course CB radio.

Amstrad products are always aimed at the mass market, are usually very basic with no frills and are remarkably cheap. Sugar's favourite description of his typical customer is "the lorry driver and his wife."

"Amstrad's key strength is Alan Sugar's ability to identify a price-point at which a volume of product can be shifted. The company then aims for that price point in the whole design of the product, by working backwards and allocating the margins," says Robert Miller-Bakewell, analyst at stockbrokers Wood Mackenzie.

"We take our leaf out of the Japanese book. Only we do what they do quicker," says Sugar, founder, major shareholder and chief executive. "They are good at identifying volume markets, studying the available products and seeing how they can make them better and cheaper."

The word processor launched last month—and showing early signs that it will be a considerable success—is Amstrad's first departure from the straight consumer market but bears many of the company's hallmarks. Amstrad expects it will be mainly bought by business and the self-employed although it will also sell to homes.

Like Amstrad home computers the attraction of the new word processor is not just that it is very cheap but that it is sold as a complete unit which only needs a plug.

When Amstrad first moved into the home market in Summer 1984 rivals typically sold just the computer with some software and a heavy emphasis on technology and power. But in order to make them work you had to buy and assemble all the peripherals like screen, cables, and cassette or disc drive.

Amstrad entered the market with a computer that came complete with all those necessary peripherals. There was nothing stunning about the technology but it was an important repackaging of the product. Suddenly home computing was accessible to all those people who could not—or did not want to bother—with the trouble of assembling a "system."

Similarly, the new word processor is a personal computer with printer, the screen, a disc drive and a generally acclaimed word processing program. No other company offers a serious product at such a low price nor sells as a complete assembled package something which is attractive to the non-expert buyer—although extra blank discs must be purchased before it can be used. "We keep the product very simple," says Alan Sugar. "It comes in one box, with one power cord. You plug it in and it works."

The packaging of the product is not just a good marketing ploy, it is also an important key to Amstrad's pricing and applies equally to the audio equipment, the home computers and the word processor. By linking all the constituent parts Amstrad can avoid duplicating many components from cardboard boxes to microchips.

Obscure

Costs are cut further by keeping the product as basic as possible and not offering extra facilities, which Sugar believes very few people need or would use. On the computer side he is particularly contemptuous of reviewers who seem more interested in obscure functions than in the basics of the machine.

The third element which enables Amstrad to keep its costs low is its small company structure. Founded in 1968 by Sugar to sell tinted plastic covers for record players, the company is still very closely run by him and greatly depends on his instinctive entrepreneurial and managerial flair. There is very little middle management and most of the decisions seem to be made by Sugar—although he accepts this will have to change as the company grows.

The fourth reason for Amstrad's low costs is its willingness to sub-contract work wherever possible. The most obvious and most important is manufacturing, which is largely done in the Far East. The home computers and the new word processor are both assembled by the subsidiary of a Japanese company in Korea.

Amstrad also subcontracts a number of other activities such as distribution. It does not want the overhead of a fleet of lorries during the quiet summer period.

The level of subcontracting has also helped Amstrad maintain its reputation for being fleet-footed. Indeed Sugar values this highly: "It is better to accept a lower margin but have the flexibility to get out of something."

Amstrad has shown it can make mistakes but get out of trouble with little apparent difficulty. CB Radio was one business which Amstrad entered with enthusiasm. But the day CB Radio was legalised Sugar decided—correctly—that the widely-held projections for demand would not be met and sold his entire stocks. Amstrad was one of the few companies to make a profit out of CB.

Amstrad also moved into colour televisions and video recorders. In its first year it claims that it grabbed 12 per cent of the market for 14 in. portable colour TVs with a keenly priced product. Last year it virtually withdrew from the business.

But the withdrawal from colour TVs was a more painful process than had been the case with CB Radio as the company had started making larger models at a new factory in Shoeburyness. Some redundancies were involved.

The company's determination not to stay in a business where it cannot make money was spelt out by Sugar in a recent annual report: "It may seem surprising that one year we are selling large quantities of VCRs and the next we sell none. Quite frankly, when there is no margin in a product we see no reason to endanger our cash flow simply to impress the compilers of market share statistics."

Yet early next year Amstrad is likely to re-enter the VCR market. In addition it is planning to launch a complete compact disc in a rack system which includes amplifier, speakers, and radio costing £299. "That business needs an Amstrad to get it going," says the irrepressible Sugar. Compact discs have at last begun to take off in the UK where sales in 1985 are expected to top 100,000 units. Next year Amstrad is planning to produce 15,000 a month at its factory rising to 25,000 by the autumn.

The reason Amstrad will manufacture the CD equipment is because in this particular case it is more economic to do so—mainly because of a high EEC tariff on imports. However, manufacturing does not greatly appeal to Sugar unless it is necessary. "We'll be manufacturing today and importing tomorrow. Basically we are an international trading company," he says.

Amstrad is now reaching a size where it is going to have to change. It will be harder for Alan Sugar to make as many decisions and it will have to adopt a more long term view on its products if it is to sell to business. A recent substantial growth in export markets—particularly France and West Germany—will also test the company's limited managerial depth.

While analysts are quick to praise Sugar's entrepreneurial successes they note that the company has been dependent on two rather difficult markets. Demand for very cheap audio products looks flat and the home computer market is an exceptionally volatile business. However with sales of the word processor alone looking set to match its total turnover for last year no-one is laughing at Amstrad now.

Chief executives

The way they see the job

BY TERRY DODSWORTH

IT IS not often that chief executives appeal to higher moral values or quote a poet in discussing the way they see their jobs. But in a new study published by the New York-based Conference Board, readers are regaled with a number of such glimpses of the inner workings of some of the men whose corporations create the wealth of the western industrialised world.

The moral observations come from Thornton Bradshaw, chairman of the U.S. RCA electronics, communications and entertainment group and a man who has won considerable esteem in the U.S. for shaking out a rambling conglomerate and imposing a clear structure upon it.

Asked how his leadership manifests itself, he says that one of the methods is to be a person who can be followed with enthusiasm "because he is a moral man in the sense that they recognise morality. The tone that he is setting for them is one they're not ashamed of. They can say, 'that's the way I want to live.'"

The quotation from the poet Robert Bridges is contained in an interview with Sir Trevor Holdsworth, chairman of the UK engineering group, Guest Keen and Nettlefolds, who says that the idea that "true wisdom lies in the masterful administration of the unforeseen," encapsulates his feelings about leadership.

Each of these extracts gives a flavour of the study, a hefty, 94-page booklet by Harold Stieglitz, which has the virtue of showing chief executives warts and all. One of the strengths of Stieglitz's approach is that he quotes several chief executives at length, so that they are revealed just as they are—sometimes boring, pompous and verbose, but frequently provocative, thoughtful and original.

Two things stand out in the report. First, these captains of industry seem to spend a great deal of time thinking about how they should go about their jobs. When executives eventually reach the top, they find themselves in a very lonely place, where there are not necessarily a lot of guidelines of the sort they have had lower down in the organisation. Indeed, many say that the job is so isolated that being on the boards of other companies is the best on-the-job training they can find.

Second, there is no single, ideal way of becoming a successful chief executive. The individuals interviewed by Stieglitz span the full kaleidoscope of managerial types—from those who clearly meddle in everything, to those who delegate well, others who are full of subtlety and some who charge at their fixed objectives like a bull.

Many of them are very direct. Sir David Orr, for example, former chairman of Unilever, the Anglo-Dutch food and detergents group, and present chairman of Inchcape, the UK-based international trading group, says that "we are all selfish; we are all egotistical and we all want to be seen to have done a good job and left our mark on the company."

John Harvey-Jones, chairman of ICI, the UK chemicals group, in a typically direct observation on the dangers of staying on too long, says that he is very frightened of being taken over by power. "I don't know too many people who, in my view, have been improved by power. I have some personal pride. I try to be the sort of guy that I would be prepared to live with. I just don't want to be 'corrupted." (Harvey-Jones, by the way, insists that he will retire at the end of his five-year tenure.)

From this panorama of views, collected from executives all over the U.S. and Europe, Stieglitz has distilled some general observations.

Chief executives, he says, are today becoming increasingly dependent on teams of strong, front-line managers with whom they share top decisions. They are better educated than a generation ago, have a stronger background in business training, and are arriving at the top earlier than in the past.

Traditions in the U.S. and western Europe are also converging, according to many executives, mainly because of the growing internationalisation of business practice. Even so, the buccaneering methods of U.S. big business, with its rapid swings between success and failure, emphasis on the power of the top man and insistence on performance, still leaves many Europeans gasping.

But it is on this that the British, who, whatever else one might say against them, still have a nice line in wry humour, have the last word. In discussing the much-criticised U.S. emphasis on short-term performance, one UK executive observed: "In the States, if you're not improving your earnings per share the whole time, the roof falls in. Here, you'd probably get a knighthood."

Chief executives view their jobs. By Harold Stieglitz. From The Conference Board, 207 Avenue Louise Bte 5, B-1050 Brussels, Belgium (Tel 02 640 6240), or The Conference Board Inc, 845 Third Avenue, New York, NY 10022 (Tel 212 759 0900).

Business courses

Evaluating and marketing equipment leases, Cambridge. November 11-13. Fee: £450 + VAT. Details from Vic Lock, Hawkins Publishers, 2 Church Street, Coggeshall, Essex CO6 1TU. Tel: 0376 62262. Telex: 987913 Hawkin G.

The global equity market conference and exhibition, London. November 14-15. Fee: £460. Details from Jenny Dell, Oyez International Business Communications, Bath House, 56 Holborn Viaduct, London EC1A 2EX. Tel: 01-236 4080. Telex: 888870.

Space: commercial benefits for industries worldwide, London. November 18-19. Fee: £529. Details from the Financial Times Conference Organisation, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Strategic management of manufacturing, Coventry. December 4. Fee: £95. Details from Professor C. A. Voss, School of Industrial and Business Studies, University of Warwick, Coventry CV4 7AL. Tel: 0203 24011523523 after November 4.

International transfer pricing for multinationals, London. December 3. Fee: ESC members £141.45; non-members £166.75. Details from European Study Conferences, Kirby House, 31 High Street East, Uppingham, Rutland, Leicestershire LE15 9PY. Tel: 0572-822711. Telex: 341352 EURCON G.

TECHNOLOGY

EDITED BY ALAN CANE

Computers and chemistry combine

Computer graphics techniques are speeding up the quest for new chemical compounds by saving weeks of laboratory work, reports Peter Marsh

CHEMICAL companies around the world are turning to a new generation of computer graphics techniques to speed up the design of drugs, catalysts and other materials such as film emulsions.

Techniques like these mean chemists can visualise on a screen the shape of complex molecules they think might solve particular problems like, for instance, the search for a drug which will attach itself to a particular group of body cells the way a key fits a lock.

At a touch of buttons on a keyboard, the scientists can work out such characteristics of molecules as their size or electron density, factors that can influence whether a chemical will prove useful.

The techniques have been introduced to routine laboratory work only in the past years or so, particularly in the pharmaceutical industry. Already, chemists claim that the computer methods give companies a better chance of designing a promising drug early on in research, cutting out weeks of tiresome laboratory work.

The computer methods are, say chemists, unlikely to reduce the time it takes to bring drugs to the market place, because once a promising material has been designed, it still has to be made in the laboratory, which may not be easy.

Besides, much of the 10 years or so between designing a drug and selling it is spent scaling up laboratory synthesis and conducting clinical trials—areas where which even the most advanced computer methods can do little to help.

But computer graphics may help drug companies develop in a given time more chemicals from which they can make a better selection for a product to sell. In non-pharmaceutical areas, which do not involve lengthy trials on people, the techniques may have a bigger effect in bringing products more quickly to the market place.

In the U.S., for instance, scientists at Kodak's research laboratories in Rochester, New York, use the techniques to design new dyes for silverhalide photographic films. FBC, a UK agrochemicals concern owned by Schering of West Germany, is working with the design methods on new pesticides.

In the pharmaceuticals field, several companies are either developing or testing drugs which owe their creation at least in some degree to computer design. They include G. D. Searle (anti-arthritis products); Merck, Sharp and Dohme (anti-hypertension drugs); SRI International (pain-killers); Syntex (heart-treatment); and Smith-Kline and Beckman (drugs to treat allergies).

The design techniques require large, expensive computers, for instance machines like DEC's VAX, which costs about £80,000. Providing the software for the design methods is a specialised business.

Although some drugs companies such as ICI use their own software, most of the pharmaceutical industry relies on programs supplied by three companies: Molecular Design of San Leandro, California (which sells a program called Chemlab); Tripos of St Louis (which sells Sybyl); and Chemical Design of Oxford, England. Two small Californian enterprises, Biodesign and Biosym, have also started selling modelling programs recently.

Chemical Design, formed two years ago by Mr Keith Davies, an ex-chemistry student at Oxford University, has annual sales of £1m, of which software accounts for 70 per cent. The rest comes from computer hardware which the company sells on behalf of manufacturers (see story on this page).

The Oxford company claims to have 60 per cent of the world market for computer modelling programs. It has sold 140 copies (at roughly £18,000 each) of its ChemGraf software to companies which include not only most of the world's pharmaceutical enterprises but non-drugs concerns such as Proctor and Gamble, Kodak, Sohio, Shell, Exxon and BASF.

Chemical Design's biggest customer is Du Pont of the U.S., which has a dozen copies of ChemGraf. Du Pont abandoned its own software modelling program called Tribble in favour of the Oxford technique.

Dr Jeffrey Blaney, a computer modelling specialist at the U.S. company's experimental station in Wilmington, Delaware, says that with conventional routines, chemists may need to synthesise 10,000 compounds to find just one that will eventually go on sale.

Under established methods, a worker uses little more than instinct, backed up by trial and error, to turn out substances which he thinks may have desirable properties. A single worker may spend a year synthesising 100 chemicals which all turn out later to be useless.

With the computer techniques, the scientist is better placed to predict whether a chemical will have a particular property. "The computer is shortening the odds in our favour," says Dr Blaney.

One obvious design alternative is to use the decades-old approach of building a physical model with pieces of plastic. But many of the molecules under investigation may involve long and complex three-dimensional chains of carbon, nitrogen and hydrogen atoms which are virtually impossible to represent physically.

According to Dr John McKelby, senior research chemist at Kodak's Rochester laboratories, a chemist armed with a computer can accomplish in an hour a design task that with conventional plastic modelling (if it could be done at all) would take a week. D McKelby says the computer techniques remove "up to 90 per cent" of the labour in the design process.

Drug design: a suitable case for software treatment

MODELLING techniques help the design process in several different ways:

● **INITIAL DESIGN.** Chemists can "build" on a computer screen the shape of a molecule to attack or bind with a chemical whose characteristics are already known. Such a procedure could be used, for instance, to design substances for biological reactions in medicine, or to create new catalysts in the oil and bulk chemical industry.

By altering the shape of the chemical—in much the same way as a child would move pieces in a jigsaw until they fit—a scientist could eventually come up with a substance that stands a good chance of having the correct property.

● **OPTIMISATION** of existing drugs. A chemist may simulate graphically changes in a material that has already been synthesised to improve on a specific property. For example, a scientist could alter the position or carbon or hydrogen atoms in a hormone and work out whether this would lead to a more desirable product. Such a procedure could save weeks of wasted time in making different forms of a substance in the laboratory and then testing them chemically.

● **PROBLEM SOLVING.** In some branches of biochemistry, workers may need a fundamental understanding of the ways in which two substances interact. They could, for example, want to work out how an antigen (a simple protein that may be the carrier for a disease) binds to a particular type of human cell. By coming up with a combination of molecular shapes or a screen to represent both the cell and the antigen, it may be possible to shed light on this type of interreaction, perhaps making it easier for a company to bring out a new form of drug treatment.

● **PATENT PROTECTION.** With the design methods, a chemist may be able to build into a substance a particular form of bonding or atomic arrangement which (as long as he can later produce the substance in the laboratory) may be difficult for a rival concern to recreate. In this way, a company may strengthen its position when patenting a new drug at a later date.

● **PATENT BREACHES.** Chemical companies may also use molecular modelling in efforts to ensure they do not infringe patents of other concerns in work on new drugs or other materials.

With the computer design techniques, the laboratory workers can change the shape of the molecule or change the positions of key atoms to reduce the risk of infringements and any consequent legal problems.

Sibling solidarity: Keith Davies, founder and technical director of Chemical Design, with his sister, Mary Davies, the company's managing director

Graduating to a family business

KEITH DAVIES, founder and technical director of Chemical Design, became intrigued by chemical modelling in his days as an undergaduate at Oxford University in the late 1970s.

He picked up on earlier work in the subject at the Massachusetts Institute of Technology and Princetown University and in 1982 supported himself during a four-month spell at the San Francisco Medical Center, another leading U.S. establishment in this technology.

Mr Davies started a PhD at Oxford but abandoned it because he found the commercial prospects of chemical modelling so interesting. In 1983 the chemist, then 25, set up Chemical Design from his home. It took on its first employees a year later and in July moved to a small set of offices on the outskirts of Oxford.

The company now has annual sales of £1m and employs 20 people, most of them ex-chemistry students. The enterprise's main product is ChemGraf, a software package for modelling molecules. The program is based on Mr Davies' original work as an undergraduate. The product needed considerable development—about 40 hours a week of Mr Davies' time on average since 1980—to bring it to the point where it could be sold to chemical companies.

Chemical Design's staff has an average age of 25. Managing director is Mr Davies' sister, Mary Davies (another Oxford chemistry graduate) who is 24 and joined the company full time earlier this year. Their parents, who used to run a small farm in Wales, inspired them to set up in business.

Keith Davies owns 86 per cent of the company and his sisted 10 per cent. Mr Davies says he has contributed a "few thousand pounds" of his own money to the concern. He has not needed any source of venture capital and relies for overheads and purchases of computers and related software on revenue from sales and an overdraft facility of up to £50,000 from the National Westminster Bank.

Half Chemical Design's sales are in the U.S. where Mr Davies has a full-time representative in New York. Due to the highly technical nature of the company's products—and the tightly knit world of the chemicals industry—Chemical Design has not had to do much marketing. "People are coming to us at the moment," says Mr Davies, "we are selling mainly by word of mouth."

Besides selling ChemGraf and other programs of its own design such as ChemGuide and ChemMovie, the Oxford company acts as agent for Sigmex, a company in Horsham, Sussex, which makes the high resolution display screens needed for modelling work. It sells a design package, which includes software, a terminal and a DEC Microvax-II computer, for about £60,000.

Mr Davies realises that the market for selling software to the chemicals industry might become saturated after a while. He would like to move into other areas to do with computer graphics, but exactly which he is not saying.

One idea, no more than musing at the moment, is to develop a tool to help home buyers. "Imagine," says Mr Davies, "that when you are buying your house you could go into an estate agent and, even before the house is built, visualise what you want on a display screen."

Filter aims to eliminate radiation

A BRITISH company called Ultraguard has developed what it claims is the clip-on filter which can cut out all harmful forms of radiation from VDUs and personal computer screens, as well as improving contrast and reducing glare.

The product comes at a time of continuing debate about whether such screens pose a health hazard, and the company says its new filter has been fully tested by the National Radiological Protection Board and the UK Atomic Energy Authority. They found, respectively, that the filter cuts out 99 per cent of ultraviolet radiation and 70 per cent of X-rays.

The basic Ultraguard filter costs £97, but to cut out more X-rays, the company developed an X10 model which further NRPB tests showed cut out 99 per cent of such radiation and reduces very low frequency electromagnetic radiation.

Instead of being made of chemically coated plastic, the Ultraguard screen filters are made of an anti-radiation membrane sandwiched between two layers of scratch and shatter-proof glass.

More on 01-226 1852.

Sling for lifting awkward loads

Cargo Equipment of Bridgend, Wales, is selling a lifting sling for awkwardly shaped loads. The Cel-Sling is made from a continuous loop of polyester fibre within a fabric casing.

According to the company, it can lift a load of as much as 22 tonnes and up to 24 metres in circumference. There are no raw edges on the seams so the danger of fraying in extended use is minimised.

FT REGIONAL REPORT

Glenrothes

Electronics and oil have transformed this former mining area. But the new town must learn to survive without a powerful armoury of grants

AROUND BRITAIN

Successes outweigh the failures

THE NEW town of Glenrothes has changed the industrial face of Fife. It has attracted some of the electronic and oil-related industries which have brought hope of recovery to the Scottish economy.

Situated in the centre of the Kingdom, as Fife is known, the town was originally established after the war as a mining community, with attendant industries, for the new Rothes pit nearby.

But flooding and geological problems led to the closure of the pit in 1961, before it had produced much coal. Mining in the area as a whole was also in decline. Some 36 pits were to close during the 1950s and 1960s with more than 20,000 miners losing their jobs. This had a knock-on effect on other industries, such as the railways and local engineering.

As a result Glenrothes desperately needed a new direction. In 1963, it was re-designated a new town to bring in different kinds of industry. "It was imperative that we found some industries of the future," recalls Sir George Sharp, the chairman of the new town corporation.

The corporation's aims were to lure foreign investment, provide new housing and give new economic balance to industrially blighted areas of Scotland. Like the other Scottish new towns it brought together the management skills needed to set up a new industrial infrastructure and help get new companies on their feet.

The turning-point for Glenrothes fortunately came just as the difficulties in the nearby mining complex mounted. Beckman Electronics decided to set up in the town in 1954. This was the signal that set other sunrise industries thinking.

A number of electronics companies were to follow. The rush for self-sufficiency in oil in the early 1970s also had its spin-off in the new town, with companies supplying equipment and services for offshore development taking advantage of the financial start-up assistance.

New technology in residence soon rubbed off on some of the other, more traditional industries, such as Tullis Russell Paper, the largest single employer in Glenrothes with 1,200 workers.

Rodime, making Winchester disc drives, General Instrument producing semi-conductors, ACT Computers, along with Hughes and Beckman have helped the community develop new skills and attract supporting service companies.

Such success stories have outweighed the failures, such as the decision by Burroughs to close its business machines factory in 1982. The recent uncertainties in the U.S. electronics market have added, however, to the new town planners' headaches.

Today 33 of the 200 or so companies in Glenrothes are in the electronics sector and account for about one-third of the 9,000 jobs in the new town. Electronics in Fife, as in many other parts of Scotland, has done much to replace the heavy job losses in manufacturing over the past 10 years.

Assistance

After 22 years, it now appears that Glenrothes, as a new town, is nearing its end. The prospects unsettle some in the development corporation management, who operate out of a former stately home on the fringes of the town.

Last year, in the Government's review of regional development assistance, Glenrothes lost its ability to offer automatic development grants to incoming companies to cover some of their capital costs. The other four new towns, Livingston, Cumbernauld, East Kilbride and Irvine kept their grant-giving abilities, although the percentage of assistance available was reduced from 22 to 15 per cent.

The review left Glenrothes with virtually no strong cards to play in its bid to attract new industries. The change of emphasis to more selective grants by the Scottish Office to win over mobile inward investment could still benefit the town, but the other new towns have more positive incentives.

With U.S. or Japanese companies looking for a European base, closely following the array of fiscal advantages offered, Glenrothes' enticements appeared to dry up. So did the number of visiting companies.

What is more, inward investment is no longer the individual preserve of new towns but rather has been centralised and co-ordinated through Locate in Scotland (LIS), a body combining the industrial promotion resources of the Scottish Development Agency with the grant-giving abilities of the Scottish Office. LIS offers one-stop shopping for incoming companies, providing assistance and guidance. On the other hand, new towns like Glenrothes have now lost their ability to market abroad and thereby some of the room for initiatives.

This change has left the corporation wondering what it can do to further promote industry.

For its part, the regional council has placed considerable emphasis over the years on improving infrastructure to complement the new town's development. As central government assistance has thinned, the region has also developed a loan and grant scheme aimed in particular at small business start-ups and local management buyouts.

The local technical college has played a key role in developing skills needed by new industries and meeting the demands from all levels of management for training and forums for new ideas.

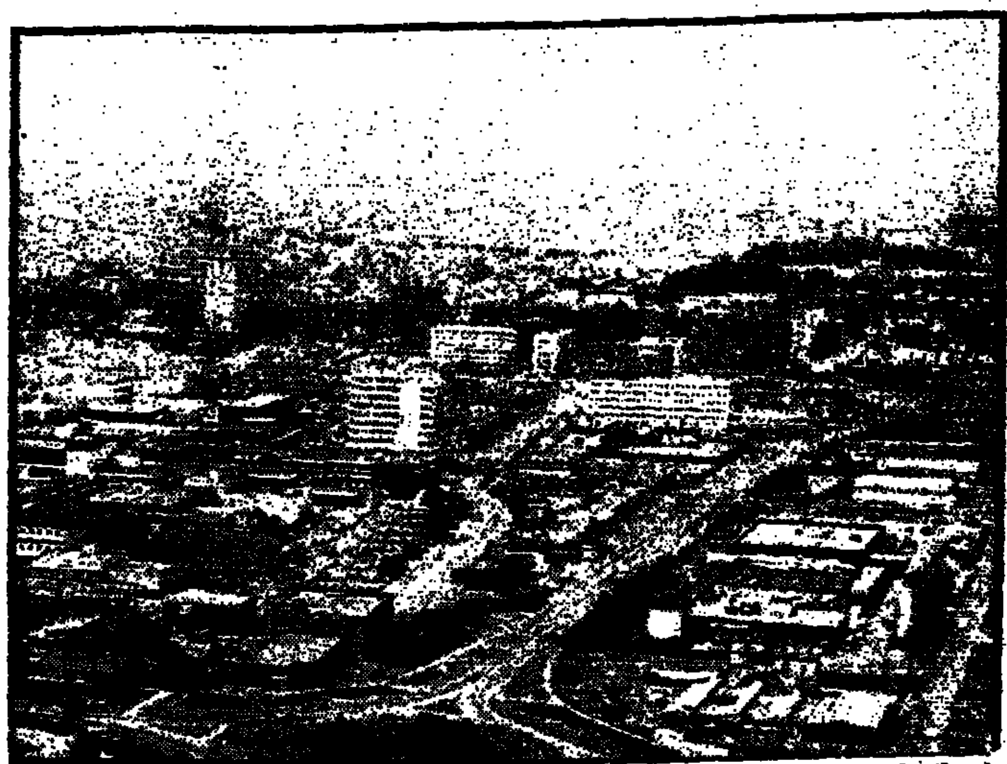
The close ties with Fife Regional Council, symbolised partly by the presence of its headquarters in Glenrothes, will ease the transition when the new town does eventually lose its special status. The Scottish Office is due to reassess its position in 1989.

All the new towns are designed to reach a certain population target at which point they are returned to the community and their special status removed. The target for Glenrothes is 55,000. The population presently stands at 38,000.

There is nevertheless already in place a working community with an identity of its own, offering considerable attractions to new industry.

This report was written by MARK MEREDITH

Electronics is a leading employer in the town. Here (left) circuit breakers are being produced at WSK Electrical



The town centre contains one of the largest enclosed shopping malls in Scotland (left). The Hughes Microelectronics plant (right) is involved in a £25m expansion

ELECTRONICS INDUSTRY

Local business spawned

THE FIVE new towns in Scotland have been essential to the growth of a powerful new electronics industry. They have provided the greenfield sites and backup for the incoming American or Japanese companies and acted as drawing points for the kind of labour force the sunrise industries have required.

Electronics has been promoted in Scotland as a whole to create jobs and encourage new indigenous companies to form part of the infrastructure serving the multinationals.

Over 42,000 people are employed in more than 300 electronics companies. Glenrothes new town has 33 electronics companies which provide jobs for roughly one third of the 9,000 workforce in the area.

Companies like Hughes Microelectronics, General Instrument, Rodime, and ACT have helped change the industrial profile of the new town. The arrival of Beckman Instruments (now part of Emerson Electric of the U.S.) in the early days of the new town marked the turning point away from Glenrothes' links with coal and more traditional industries.

Since then companies such as Kineticon which make test equipment for electronics, Coors Ceramics whose product range includes the ceramic substrates for some types of microprocessors and Compugraphic International making photomasks for the manufacture of integrated circuits, have spawned new indigenous industries in the town.

However, Mr Iain Duffin, associate managing director at Hughes Microelectronics feels Scotland still has a long way to go to develop a thriving infrastructure. "Large equipment to help produce microcircuits are where the big bucks are," he says.

Military

Hughes, which is part of the Hughes Aircraft Corporation of the United States, has a spread of products which has enabled it to ride out the worst of the current computer recession which has hit electronics companies world wide.

"It would be wrong to say we did not feel the chill," comments Mr Duffin. But the company has not had any production cutbacks, any reductions in capital outlay or shed any of its 760 staff. A £25m expansion should see the workforce grow to 1,100 by 1990.

Hughes makes customised semiconductors, and hybrid micro-circuits and handle sub-assembly work. A large amount of the business is within the company and about half of the work is for military contracts which have not been as vulnerable to recessionary pressures.

The company started up in Glenrothes 25 years ago when it produced watches and then calculators for the consumer market before it moved into its current specialist market.

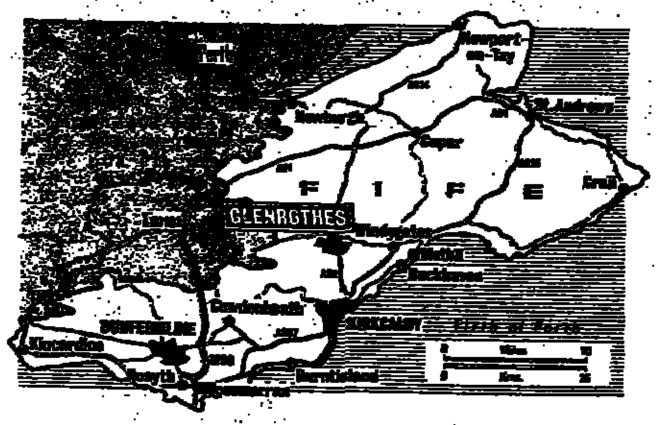
Duffin is among several managers in this sector who readily point to a record of trouble free industrial relations in their Fife plant. They also praise the region's education system which has helped prepare pupils for the new industries.

Coors Ceramics is another U.S. subsidiary which has shown rapid growth. It has a workforce of 85, a turnover of £3m and, along with a sister plant in Wales, is moving towards a more integrated product development with less dependence of the plant's Colorado based parent company.

Rodime, a world leader in disc drives for computers, set up a factory in Glenrothes four years ago and recently announced plans to expand its 97,000 sq ft plant by 10,000 sq ft.

GLENROTHES 2

Brand Rex, a U.S. company among the world leaders in computer industry data interfaces and interconnection cables, is embarking on its fourth expansion



PAPER INDUSTRY

Workforce adapts to new technology

GLENROTHES inherited a well-established paper industry. The big Tullis Russell and DRG Transcript works were once the main industrial alternatives to the mining interests nearby in the early 1960s when the new town was created.

The new complexion which high technology industry has brought to Glenrothes can also be seen in its paper companies which have used electronics to greatly improve their control systems and energy controls.

Tullis Russell, a family owned concern, has been in this part of Fife for about 150 years. It produces a wide range of papers but specialises in the printings and writings sector.

A management decision to develop a line in coated paper used by companies for annual reports has been a key element in growth. Sales in this specialised product have been rising by about 20 per cent a year over the last three years, according to Mr Walter Fletcher, director and secretary of Tullis Russell.

The company is the new town's main employer. But it is vulnerable to the fierce international competition in the paper trade. The workforce is being trimmed by 150 to about 1,000 in the face of rising costs.

The remaining workforce will be offered shares in their company. These will become available from members of the Russell family, who wish to sell some holdings.

Not far away, DRG Transcript is investing £8m in improving production of carbonless paper. The company, part of the Bristol-based DRG group, has its sights set on the computer market in Europe which consumes an estimated £400m of this specialised paper a year and has a growth rate of 10 per cent a year projected over five years. DRG claims one-third of the home market as well as about 6 per cent of the market in Europe.

The company switched production from paper sacks to carbonless paper. Not only is the product very different and geared to high tecnology industry, but the production techniques are among the most modern.

Management at both companies point to a workforce ready to adapt and train for the introduction of new technology.

An important element in the assessment which Mr Francis Harris, managing director of DRG Transcript, has of Glenrothes is the co-operation received from the new town corporation as well as local government.

The loss the new town's automatic 22 per cent grant of capital costs has, in his view, been a body blow. But Mr Harris said this change will not alter the company's investment plans in Fife.

McLean and Gibson has a 35,000 sq ft machine shop for engineering to serve industries like paper, textiles and steel

COMMUNICATIONS

Crawl to better contacts

THE VISITOR driving to Glenrothes for the first—even the second time—encounters one of the new town's big drawbacks: it is hard to find.

Mention the East Fife Regional Road and looks of exasperation cross Fifers' faces. It has been talked about for about 20 years and only now is crawling its way from the M90 motorway towards the new town.

The first phase is complete as far as Cowdenbeath and the second phase has begun, taking the road on to the mining community of Lochgelly.

The final seven miles or so, which will link the new dual carriageway to the new town's road network at Thornton, is due to be finished by 1989.

That happens to be the year the Secretary of State for Scotland is due to take a new look at the future of the new towns in Scotland and may be the year he decides to return Glenrothes to the local authority.

Glenrothes is reached by a complicated, and not very well signposted series of secondary roads. A slow lorry in front of you and the trip to Edinburgh airport can take the best part of an hour.

Fife has its own airport and air services company at Glenrothes but only private planes use the strip.

Rail connections are through the town of Markinch at the northern fringe of the town which is on the main Aberdeen to Edinburgh line. The new town has long pressed British Rail to let some of the 125 trains stop at Markinch. At the moment travellers wanting a fast train must go south to Kirkaldy.

ROTHES PIT

Watery end for great black hope

THE STORY of the Rothes pit, an industrial disaster in the 50s and 60s, has a strange epilogue.

Rothes was to be the great white hope—or perhaps black hope—for the Fife economy. There were forecasts of 10 square miles of coal underground in this area of central Fife after test bores were made and a shaft sunk. As many as 20,000 miners were to be employed.

Production started late in the fifties just as the dreadful truth dawned: the pit was lying on a major geological fault and suffered from chronic problems of flooding. Older miners who had worked in collieries nearby had warned of the water danger.

In 1961 after expenditure of £14m the pit was abandoned and the 849 miners either lost their jobs or had to be transferred to other pits.

The pit was to be the nucleus of the new town with support industries built up around it. Government thought about the town's future for two years before re-designating Glenrothes as a new town to help bring in a wider range of industry.

The mine at Thornton today looks like one of Scotland's many abandoned collieries. But a closer look reveals signs of activity.

The Rothes pit is now used to test underwater equipment. The Underwater Testing Company, based at Fort William, leases the shaft from the National Coal Board. About once a month engineers from the company will lower diving bells—all unmanned—down the flooded shaft to check its performance under pressure. Equipment is usually lowered to around 1,500 ft although the shaft drops to around 2,500 ft.

Here, the water is considerably calmer than that of the North Sea. The only problem is that competition is coming in from the increasing use of hyperbaric test vessels where equipment is placed inside large tanks and water pumped in under pressure to simulate deep underwater conditions.

TRAINING AND EDUCATION

Rising to challenges

GLENROTHES HAS risen to the training and educational challenges presented by its industries. Although the new town now has less government-backed assistance available to make it attractive to potential inward investment, its educational programme has become a vital part of the infrastructural background and an enticement in itself.

A major attraction for the resident companies in the new town is the Centre of Industrial Studies at the Glenrothes and Buckhaven Technical College.

The college has tailored courses to lower, middle and senior management as well as trade unionists and has become a catalyst for business thinking within the community. At the centre, managers can take short courses — two or three days at a time — in areas such as accounting or management techniques.

Regular programmes cover areas like management and supervision, communication skills, safety, industrial engineering and production control, quality control and assurance, instructional skills and computer applications.

A strong suite in industrial relations courses may be partly behind the new town's record of very few strikes in the past 10 years.

Organisations, like the Fife Quality and Reliability Group or the Sales and Marketing Club have been set up at the centre to encourage the exchange of ideas among management and workforce.

The Manpower Services Commission backs some sponsored training and a series of post experience certificate opportunities are offered.

According to Tom Burness, principal of the technical college, tailor-made training has become a speciality. Companies can identify their training needs and design their own courses.

Outside speakers are brought in and the centre also forms an effective small business service offering consultancy for new companies.

The technical college, which is run by Fife Region, also takes a novel approach to computer training. Its CATS (computer assisted training service) tackles the computer interests of the individual instead of using the broad-based classroom approach.

Its downtown centre is open from nine in the morning to nine at night and encourages people to come in from the street to work out their own requirements. Daytime courses work out at about £6 an hour and training in, say, handling a word-processing program might take 12 sessions to cover the various aspects of the software.

For senior management the New Town Development Corporation has developed the Guid Club which organises regular outside speakers for its well-attended dinners. The club brings the town's industrialists together with academics from Scotland's universities.

Computer-orientated training at the town's technical college

PROFILE: FORTH TOOL AND VALVE

Breakthrough via door-bashing

FORTH Tool and Valve is among the cluster of British companies which has broken into the difficult North Sea oil and gas market. The oil companies are deeply conservative about their suppliers and accept newcomers reluctantly.

"It took a lot of bashing on doors," recalls Duncan Macpherson, managing director of Forth Tool and Valve. Despite a galloping expansion rate and a current turnover of £1.8m, the company has paced itself to the market.

It takes on largely sub-contract work for other producers and has built a powerful manufacturing base out of a machine-tool capability. This meant avoiding the huge costs in developing a design capability. "We could have added designing but it would have meant cutting our nose off as it were," Macpheson says.

Macpherson and his partner, Alex Simpson, brought in modern computerised numerical control systems for machining parts which helped them meet the stiff requirements of North Sea contracts.

Its latest development has been in areas of specialist welding such as stainless teel inlays for vulnerable valve parts.

The bulk of the 55 employees are from Fife and staff turnover is low. The large doors to the plant open out to a view of the Fife countryside rather than the grimy industrial setting of many companies such as this.

The location in Fife, while not on the doorstep of Aberdeen, is still only a couple of hours' drive by lorry. Its main customers are some of the large specialty valve producers to the south and west in Scotland.

How Norway regulates oil activity

By Fay Gjester in Oslo

AN IMPORTANT new law which wil profoundly influence the way Norway administers and regulates its offshore petroleum industry was approved by the Storting (parliament) earlier this year, by an almost unanimous vote, and took effect from July 1.

The Petroleum Activities Law of March 22 represents a major administrative reform. In preparation for over a decade, under several different governments, its provisions replace three royal decrees, plus a complicated accumulation of *ad hoc* regulations issued by various authorities since 1963, when an enabling Act was passed proclaiming Norwegian sovereignty over the country's continental shelf, regarding exploration for, and exploitation of, natural resources.

It reaffirms Norway's claim to these resources, and requires the Government to ensure that they are exploited "for the benefit of the whole Norwegian society," while "contributing to the development of Norwegian business and industry and taking necessary account of other activities, regional policy considerations, and of the need to conserve nature and the environment."

The symbol of the Norwegian *Petroleum Directorate*

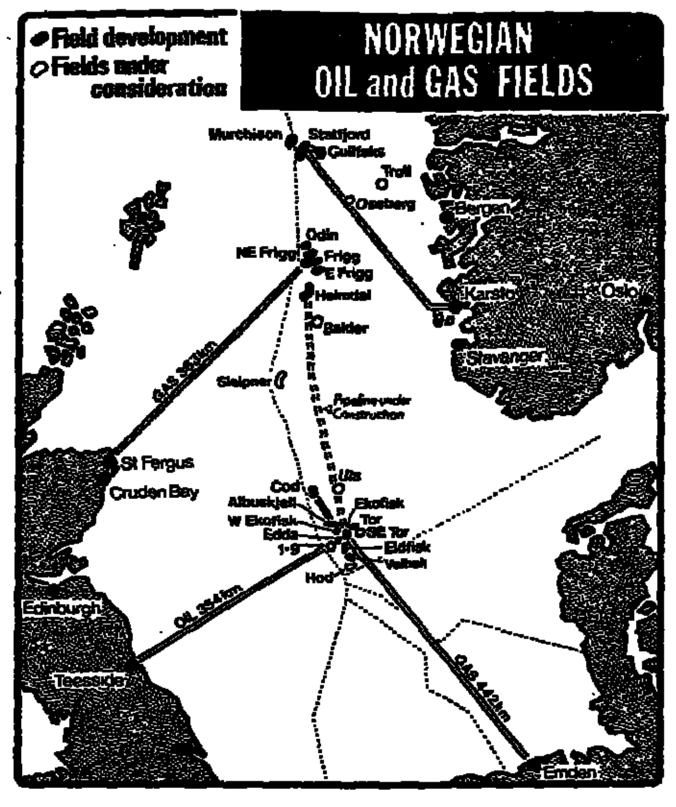
The new law is not just a tidying-up exercise. It gives the state far wider powers than hitherto over the companies working on Norway's shelf. They can be required to delay, to initiate, or to speed up, exploration of a licence area, or development of an oil or gas discovery, and to co-operate actively with the country's industry. A company-appointed operator on a block (licence area) or field can be deprived of operatorship status, in the wake of a serious accident, or some other event which leads to a loss of the authorities' confidence. The Oil Ministry can regulate a field's production profile, and require an operator to employ secondary recovery techniques (such as water or gas injection) in order to ensure optimum exploitation of reserves.

In many parts of the world, multinational oil companies are accustomed to a minimum of government interference with their operations. Surprisingly, none of the many foreign oil companies working on Norway's shelf has protested against the new law. Mr Farouk Al-Kasim, resources director with the Norwegian Petroleum Directorate (NPD), says this is probably because the companies believe that the measure will be applied "reasonably." They were, moreover, consulted extensively when it was being drafted.

A key section obliges the Government of the day to conduct impact analyses before opening up new areas of the continental shelf to petroleum exploration. The idea is that the interests of the oil and gas industry should be balanced against those of other industries and communities which could be affected by the advent of the new activity.

Studies must be made of possible pollution hazards, and of the likely economic and social repercussions. Local authorities and organisations must be invited to give their views. Documents summarising the information collected must be submitted to the Storting, which has the final say in determining where the rigs may go.

The NPD, advisory arm of the Ministry of Petroleum and Energy, has been given a central role, under the law, in supervising the safety of petroleum-related activities offshore —a task previously shared among about a dozen different state bodies. Its authority applies both on fixed installations — platforms planted on the sea bed — and, within certain limits, on a variety of the floating craft which serve the petroleum industry, such as mobile drilling rigs, accommodation platforms, and pipelaying and construction barges, whether or not they are registered in Norway (supply ships and standby vessels are covered by other laws).



Because of its own large merchant fleet, which operates mainly between foreign ports, Norway has traditionally been cautious about claiming any right to regulate foreign-flag ships in Norwegian waters. Even under the new law, the NPD's jurisdiction relates only to the safety aspects of operations on platforms and barges working on the country's shelf, if they fly another nation's flag. NPD officials can board a foreign flag barge and check equipment and work routines relating to petroleum exploration, production or transport, but not other aspects of life on board, unless safety is somehow affected.

Previously, safety regulations for fixed installations were set by the NPD, while Norway's Maritime Directorate was responsible for those on floating platforms. At the same time, a number of other authorities was involved in supervising ancillary functions. They included the Civil Aviation Authority (helicopter traffic to and from platforms), the Telecommunications Directorate, Coastal Directorate, Meteorological Institute, the Directorate for Inflammable and Explosive Substances, and so forth.

The fact that the NPD now has the authority to set safety standards in all these areas will make life much simpler for the operator oil companies. At the same time, the Directorate will be able to draw on the expertise of officials in the specialist bodies, as necessary —to consult the Maritime Directorate, for instance, on the design of a new type of lifeboat.

Of the NPD's 300 or so employees, about 120 are at present working with safety issues, according to Mr Magne Ognedal, the safety director. He thinks that an additional dozen or so may be needed.

Supervision of a large and complex industry by such a relatively small number of people is possible because Norway—like Britain—makes the operator oil company responsible for actually enforcing safety offshore. The Norwegians call this arrangement "internal control." They have gone further than the UK authorities, however, in that they require operator companies to submit detailed descriptions of their routines for internal control or self supervision. The task of the NPD is then—partly through spot checks—to ensure that these routines function.

Mr Ognedal says several oil companies initially resisted this requirement, introduced in 1978 —the year after the Ekofisk blow-out. Others were convinced that their organisations already provided for supervisory routines—and were surprised to find out that they did not.

"It's taken them about seven years to get it organised," he commented. "But now they approve of the concept. Some have applied it to their operations in other parts of the world."

The new law makes the operator company on a field responsible for enforcing safety standards not only for its own employees but also for construction crews, catering workers, and so forth employed by its sub-contractors.

Although the petroleum law has now taken effect, the NPD has barely begun the huge task of revising safety regulations under the measure. A main aim will be to move away from detailed rules and towards what the Directorate calls "more result-orientated requirements." That is, to specify *what* is to be achieved, rather than *how*. This takes account of the fact that offshore technology is constantly evolving. It will also give the licensees "freedom to select solutions which are cost efficient, within the legal framework stipulated by the authorities."

One paragraph in the new law could be put to the test in a Supreme Court case next month. At issue is whether the Norwegian state has the right to change its own rules about how frequently production royalties should be paid. A royal decree of 1965 said they should be paid bi-annually, three months after falling due. A later royal decree, in 1972, required them to be paid quarterly, a month after falling due—but did not explicitly annul the 1965 decree.

Phillips Petroleum, operator on the Ekofisk field, has so far won two rounds of a legal battle about this. It is claiming a refund on the extra interest costs it has incurred by switching to quarterly payment. The sum has already passed NKr 100m (£8.95m) and could amount to NKr 650m, over the whole life of the field.

The petroleum law explicitly annuls both the 1965 and 1972 decrees. The Government hopes that even if the Supreme Court rules in Phillips' favour, Norway's liability to refund interest will therefore end from July 1 this year, when the law took effect. This may be over-optimistic. Phillips' lawyers have indicated that they may challenge the annulment of the two decrees on the grounds that the Norwegian constitution forbids retroactive legislation.

The decision could affect the tax treatment of around 35 other oil companies, and cost the Norwegian state millions of dollars. Licences for the Frigg, Valhall, Ula, Odin and Heimdal fields also predate the 1972 decree.

Capturing the spirit of great gardens around the world

BY ROBIN LANE FOX

SOMETIMES, non-gardeners think gardening is parochial. It may even seem so to gardeners, as they struggle to plant daffodils before they rot and cut a wet lawn for what, with luck, will be the last time.

The story of gardening is a history of world-wide exchange and contact, from which modern styles have been born. English gardens are world-famous but some of the best-known are not narrowly English at all. Like their flowers, the inspiration for their plan comes from abroad, from Italy or the Near East and the evergreen style of the Mediterranean.

However, few of us have a chance to see remote gardens and appreciate these exchanges round the globe. Most of us do not know where to look, even nearer home. Botanical gardens are not publicised like beaches.

Perhaps Peter Coats's new book will help to choose your next itinerary. No English writer of gardens is more widely travelled or better informed about gardens elsewhere in the world.

In 1943, he was comptroller of the Viceroy's residence in Delhi. During the war he won a familiar battle—against the taste of a professional English gardener who liked the Viceroy's flowerbeds with reds and oranges, compounded by that Indian favourite, the purple-leaved canna

Since then, Peter Coats has helped to design many gardens and has travelled as the garden editor of House and Garden magazine for more than 30 years.

Beautiful Gardens Round the World is his tribute to much he has seen and photographed. Published by Weidenfeld at £15, it has added a dozen or more gardens to my list of essential visits in the next 20 years.

My abiding impression is the spirit and audacity of the greatest garden owners. In Maryland, the gardens of the late Henry Ladew are famous for topiary, an old European art. However, when topiary was transplanted to the U.S., it acquired a new range: green swans, green swags of decoration round gateways of classic yew and on the lawn, a topiary *momento to Henry Ladew's days* in Leicestershire when the best of British hunting was incomparably good.

A topiary fox runs across the Ladew garden's lawn, eternally pursued by a topiary pack of hounds, who will never quite overtake him. Henry Ladew took no advice. He preferred to make his own mistakes and his garden is a tribute his sense of architecture.

On the west coast of Canada, the bold Mrs Butchart has set a fine example to businessmen. The Butcharts were cement producers whose fortunes derived from a deepening pit in British Columbia. It looked a fearful mess and as the business grew, the mess, as usual, grew with it.

In the 1920s Mrs Butchart decided to turn the pit-face into a garden. She ordered a lake for the quarry, hundreds of tons of topsoil and a special chair-lift, supported by ropes, from which she could push climbers and ivies into the cracks of the rock which the family's business had exposed. The gardens are still flourishing and Peter Coats considers them "the happiest chiaroscuro of flower and leaf colour." There may yet be hope for Corton Wood.

Across the world, three styles seem to have been transplanted most widely: the English, the Japanese and the West Mediterranean, which traces, ultimately, to Italy. I exclude the style of park bedding-out which is usually blamed on France, but which is, I think, indigenous wherever teams of gardeners are left to make a show in a formal landscape.

In Australia, Peter Coats has found some charming echoes of soft English-colour schemes. The influence of Japan seems most obvious in external pagodas and stone lanterns narrow waterfalls and bogus bronze water-birds.

As he well remarks, Japanese gardening belongs with the country's own distinctive landscape. Japan has no broad rivers, and so water, in Japanese gardens, is classically modelled on narrow streams

Who else has toured the Botanic Gardens in Mauritius, planted an aviary in pre-revolutionary Portugal and walked on terraces of "convict hewn stone" in New South Wales? In South Africa, he shows us a charming garden at Rustenberg, whose walls were quarried by those maligned labourers, Italian prisoners of war.

I notice how many of the boldest gardens were made in the first three decades of this century when travel was undertaken to open a window on other tastes and styles. The late 20th century is also an age of huge personal fortunes, better machines and ever-increasing advice. But I wonder what the camera of the next Peter Coats will be able to record around the world, 60 years from now.

THE ARTS

The Dragon's Tail/Apollo

Michael Coveney

Penelope Keith emerges from total darkness in a Welsh forest glade kitted out in Barbour's coat, Hunter's boots a floppy hat; the image, as usual, of rather prissy middle-class respectability. But what is this? While Mark Kingston helps settle the white van for the night by its headlights (we are fresh out of petrol), Miss Keith is glimpsed snatching little tipples from a hip flask. And the van has run over a tent whose occupants are possibly flattened.

Douglas Watkinson's new comedy sounds a bit black but is no such thing. Miss Keith indeed plays an alcoholic widow, Mary from Aylesbury ("Where the ducks come from"), whose chance encounter with a bejeaned sibling working class duo from Acton ("Where the flyovers come from" — oh dear) prompts her to improvise an instant family around her.

Mr Kingston's Frank is a medical widower whose quiet professions of love are buried in Mary's garrulous welter. The play moves schematically through opening bouts of silly hostilities ("'Hi' must be youth-speak for 'hello, how are you?'" is the sort of thing Miss Keith punches between the deadly fixed smile, before moving on to insult the youngsters' mother); to engineered duologues in which Mary plays off the supporting cast to elicit an oblique marriage proposal from Frank and muted assent from the lately bereaved adoptives, Dylan and Apricot; to a hectic flurry of refusals and conciliations as, by ten o'clock the next morning, the van is pushed by the girls back on to the road.

It is interesting to see Miss Keith using her formidable comic equipment of put-downs, frozen stares and swooping petty gestures of triumph to signal an inner desolation. She admits to being a desperate old dragon (this being Wales, you see) whose tail is docked and whose fire is extinguished. The trouble is she does not really live up, or down, to that self-assessment at all. She never acts drunk, for a start. The sort of line in the text already indicated suggests a quickness and pointing usually beyond a committed soak, however plausible the surface behaviour.

In short, both text and performance are at odds with unfulfilled serio-comic intention. When Dylan responds to a maternal kiss by dropping his head on Miss Keith's shoulder, she instantly spits "I've got a sachet of hair shampoo in the van." Frank's fear of Mary meeting another generation head on is unfounded. She merely calls it to order and recites little Thatcherite lectures ("If everyone was as useful as me, the world would be a better place").

The playing under Michael Rudman's skilful, flattering direction attempts to introduce much more argumentative conflict than is actually written. Thus Robert Hines's FT-reading streetwise middleman (as it is Saturday morning, the Weekend FT makes a West End debut) switches from resentment to analytical insult with no credible reason for doing so but, it must be added, with no loss of stage authority. And Amanda Root, whose spitfire Juliet and bounding Hermia have been recent joys in the RSC's Other Place, is a riveting newcomer even without Shakespeare.

Mr Watkinson, who has worked extensively in television and whose first stage play this is, will improve as a playwright when he writes to his version of the truth and not to others' convenient expectations. But he will never find himself a better stage design than Carl Toms's countryside folly of slate rocks, tufted undergrowth, and 14 soaring Scotch pine trees. Almost up to Peter Stein and *Wild Honey* standards.

Twelfth Night/Northcott, Exeter

B. A. Young

The glittering production of *Twelfth Night*, with which Stewart Trotter concludes his five years at the Northcott Theatre in Exeter, stands on a frozen pond that occupies not only all the stage, but also the extended forestage reaching to the front row of the stalls.

On to the ice are slid three trucks full of scenery that, to the designs of John McMurray, and under the guidance of Feste, on skates, become a small fit-up stage with a loose backdrop. Strips of carpet surround it on the ice, and, further out, braziers and lanterns glow around the banks to indicate actors waiting for their entrances.

Most of the playing takes place on this little stage, as if by an Elizabethan touring company. Now and then it overflows. The sea coast of Illyria is on the carpet, and so are Sir Andrew's hilarious duels with the twins. Sometimes an actor comes right downstage for a confidence, and then the dim figures from the outskirts creep forward to light him or her with their lanterns. A joke clock representing the whirligig of time—a great propeller with the sun and the moon at opposite ends of the blades—is occasionally wheeled forward to indicate some specific hour. Malvolio's dark room is a little box-like cage with just enough room for him to lie down. It is all enchantingly picturesque.

This is not an occasion for great performances; it is particularly a director's work of art. Lines are spoken with no more awareness of poetry than if they were chat between the Illyrian Sloane Rangers. This does not deprive them of poetry (and anyway most of the play is in prose). Exceptional care is taken to ensure that the precise sense of every phrase is expressed, so that when poetry is implicit, it emerges naturally, and the jokes sound funnier and more plentiful than ever before in my experience.

Mr Trotter throws in some jokes of his own. Sir Toby, Sir Andrew and Fabian, unable to see enough of Malvolio reading his fake letter by peeping over the backcloth, improvise instant seats on the curtain-rail, dangling puppet legs in front of them. *Music is never far off.* There are new settings of the songs by Simon Coates, well sung by Robert Karas as Feste, who doesn't seem to me to be nearly old enough, good as he is in his own generation. There is some orchestral humming by the company, and they never lose the chance of a full-blooded chorus, especially when there is some stage-management going on. During the interval, mulled wine is sold from the stage.

Karen Gledhill's Viola really looks at first entrance as if she has just been dragged out of the sea and having become Cesario, she is naturally boyish and funny. She serves a graceful Olivia in Michelle Todd, who is well matched with an aristocratic Orsino by Terence Beesley, or would be if their affections did not go so helplessly astray. Mike Burnside is Sir Toby, well bred and never excessively drunk, and Patrick Romer is Sir Andrew, never excessively foolish, except at fencing. Malvolio, wearing a trim courtier's beard, is a handsome figure as Edmund Kente presents him, so all the more pitiful in his subsequent breakdown.

I have a way of recommending people to make this considerable trip to Exeter to see productions at the Northcott, and I make no secret of my special admiration for Mr Trotter's work. I must now repeat it. This *Twelfth Night* is worth any journey. It still has three weeks to go, and there is not likely to be anything more colourful, comic or affecting this side of Christmas, or indeed months after.

The Kingdom/Festival Hall

Paul Driver

A beautifully proportioned performance of Elgar's oratorio *The Kingdom* was conducted by Sir Charles Groves on Monday night. The orchestra was the Philharmonia, and the massed voices were those of the London Choral Society, whose promotion it was. Sir Charles's beat was flexible and expressive throughout in the true Elgarian way, and—as was immediately indicated by the orchestral prelude—he could seize on the Elgarian combination, requisite for this powerfully chaste work, of glistening tone and solidity of utterance.

Seamless, and as far as the orchestral playing was concerned, silken flow of sound was consistently achieved. The five parts were separated by the appropriate pauses, but there was no interval, and the impressive effect was of an unbroken narrative—devotional whole. The work's central climax, at the end of the elaborate Pentecostal third part, was securely registered, while the simpler flanking sections, dominated by women's solo voices were suitably coloured and contrasted. Orchestral pointing of the words was always delicate and apt, reaching a pinnacle of richness and subtlety in the fourth part's soprano solo "The sun goeth down," where Christopher Warren Green's violin was a match for Lillian Watson's radiant and winging soprano.

She and contralto Alfreda Hodgson, a sensitive pair in the duet which comprises the brief second part, were more satisfying soloists than the two men. Stephen Roberts's Peter was eloquently moulded only intermittently: he did bring off his great and solemn song in Part 3 ("I have prayed for thee"), but not by a decisive margin. Ian Caley's lesser part as John was adequately taken. Bass and tenor sounded best, perhaps, when together, as in "Turn ye again" from Part 4.

The chorus was trained by its new Chorus Master, Ronald Corp, and generally did him honour. It hadn't the opportunity in this restrained, even ascetic, work to inscribe the heavens with flame, but it could occasionally have given more—there was a small excess of propriety in the singing, which never lacked the virtues of clear articulation and net phrasing. The concluding setting of the Lord's Prayer — chromatic and strange—was marvellously effective.

Television/Christopher Dunkley

Resting on a Tender reputation

Peter Strauss and Mary Steenburger in the BBC's drama adapted from F. Scott Fitzgerald's novel

It is not easy to assess the feel of an entire season on television, least of all while still in the middle of it, but my own feelings tend to be influenced by the presence—or, in the case of this autumn season, the absence—of a single powerful and memorable series. To say this is no doubt to lay myself open to the same criticisms as those who maintain that history is made by great men; we should, of course, be looking beyond the famous and the obvious to the larger, albeit slower, movements which are more difficult to discern. Yet the fact remains that a series such as *Civilisation*, *Monty Python's Flying Circus* or *Jewel in the Crown* seems to add lustre to the programmes around it, so that one feels well disposed towards television generally.

The BBC would no doubt like *Tender is the Night* to be seen as serving that function. It is a big-budget production, shot on film, with an American star cast, and it is adapted from an important 20th century novel. Certainly the BBC has put a lot of effort into promoting it. But it is no good trying to kid us into believing that a drama series is wonderful if we are watching it every week and do not happen to feel that way about it.

The further this series goes the more clearly it proves that television is a poor medium for the exploitation of those characteristics and ingredients which contribute most to the stature of a great novel. There have been telling and poignant moments: the mannered absurdity of the duel, for instance, and Dick Diver's disgust at the rich eccentrics peopling the dayroom of his Swiss clinic. But better television than this has been achieved from less impressive novels.

What seems pretty clear from the BARB viewing figures is that the public is not finding this autumn season particularly attractive. The more charitable might say that the abnormal behaviour of viewers this year was the result of a nasty wet summer followed by a glorious autumn, but the less charitable would lay at least some of the blame on dull autumn programme schedules.

The usual pattern of viewing across the year is for a low point to be reached in midsummer when the evenings are long and people are on holiday or out in the garden, and then for an increase in viewing as the evenings draw in during the autumn. Television schedulers save their best material for the autumn season and so—cause and effect, effect and cause—there is usually a steady rise in the number of hours viewed between the end of the summer and Christmas. Last year, for instance, there was an increase of six hours between the average weekly amount viewed per head of the population in mid August and the average amount viewed in mid October. This year we have watched 19 minutes a week *less* on average in mid October than in mid August.

Obviously the total number of hours watched is scarcely an accurate indicator of the quality of programmes; in fact a cynic might argue that the better the programmes the less likely they are to attract a mass audience. On the other hand "the mass audience" is really a mythical beast. The audience consists of numerous minorities, endlessly shifting, overlapping, and forming new groups. Popular perceptions as to the general quality of television at any given time tend to filter through these groups fairly swiftly and my impression, in autumn 1985, is that nobody is very impressed.

Why? There are presumably numerous reasons, but among the main ones, I believe, is the fact that the BBC seems to have lost its way. In the mid 1950s it watched in horror as the newly launched ITV set about capturing 70 per cent of its audience. The BBC response was to learn how to make more popular programmes — from *Steptoe And Son* to *Tonight* — without giving up its position as pathfinder and market leader in the quality field.

Today, as its own advertising campaign makes clear, it would like us to see that it is still riding the two horses: one seeking to satisfy the mass of the public at least some of the time, and the other pushing out the boundaries of technique and content and setting new standards of excellence.

Unfortunately that is not how it looks to many of us. What we see most clearly is Roland Rat being recruited to the Corporation. We see the BBC topping the ratings with the situation comedy *Open All Hours*, and challenging — even beating — ITV's most reliable ratings winner *Coronation Street* with its own twice-weekly soap opera *EastEnders*. We see Angela Rippon on BBC 1 chairing a family game show called *Masterteam* in which the questions are nearer the level of "Trivial Pursuit" than *Mastermind*.

In itself there is nothing wrong with the production of such trivia: indeed we must accept that in the long term high quality television programmes will rely for their very existence on the "in-house" subsidies made possible by the production of popular programmes in much the same way that Penguin, say, manages to keep *Ovid's Erotic Poems* in print by publishing *Lace II*.

The trouble is that while the BBC certainly seems to be doing rather well in the business of satisfying the mass of the people some of the time (which, incidentally, is as much a necessity under a licence fee system as it would be within a commercialised BBC, politicians being what they are) there is precious little evidence of the BBC maintaining its old role of setting examples of excellence, and distressingly few signs of technique or content boundaries being pushed out.

Indeed the most powerful impression so far of the BBC's autumn season is of a scramble back to the 1960s. Its most impressive comedy, now ended alas, has been *In Sickness And In Health*, another brave attack in taboo areas by Johnny Speight, but one which began in 1966. The BBC is certainly trying to use young talent in this area — Ben Elton has written and French and Saunders star in *Happy Families* on BBC1 (episode 2 tomorrow) — but youth does not guarantee freshness. *The Triumph Of The West* is a documentary series modelled on the global co-productions started under Aubrey Singer in the mid-1960s.

The response from the BBC to this sort of castigation tends towards bluster: lists of recent prizes are reeled off (most proving to be second prizes or from second rate events), much play is made with the Corporation's supposed poverty, and rhetorical questions are asked about whether one really believes commercial television is doing any better.

Unfortunately for the BBC, though fortunately *for* the viewer, the answer is that commercial television does seem to be doing rather better. Time was when the interview with Prince Charles and Princess Diana would have been produced as of right by the BBC; today ITN's standing is such that it wins it. If you want serious treatment of scratch video—currently the leading edge of technique—you have to look to Channel 4; the BBC threw away the entire subject in two bitty minutes on *Did You See?* Marc Karlin's independently produced documentary about Susan Meiselas's photographs of *Nicaragua* and her feelings about that troubled country—again for Channel 4—was way outside the norm, very moving, and not, presumably, wildly expensive.

The feeling that the BBC is no longer fulfilling its role in setting an example is, of course, entirely a personal one: other people watching different programmes might feel otherwise. Like The Bible, television throws up so many contradictory examples that you can "prove" almost anything. Yet I know I am not alone in my impression.

The irony and the sadness is that at a time when the BBC is under attack from those who would commercialise it willy-nilly, it is proving with its autumn season how tremendously "commercial" it can be when it tries: top of the ratings, and with an audience share clawed back to 46 or 47 per cent. The trouble is that ground-breaking programmes, inspiring programmes, cannot be produced with the sort of mechanical manipulation which can produce big ratings.

Academy of London/Elizabeth Hall

David Murray

The lively Academy of London, directed by Richard Stamp, trades regularly upon its American links to obtain American soloists, and on Monday there were two. Ray Still is a distinguished performer whose long tenure as principal oboe with the Chicago Symphony is only one side of his musical career; Neil Rutman is a rising pianist. A long programme accommodated not only suitable concertos for them, but the late Strauss *Metamorphosen*, which is virtually a concerto for its 23 solo strings.

Though the *Metamorphosen* concluded the concert, the keen string-players showed no sign of flagging under its exacting demands. Two or three subsidiary entries escaped my ear, and Mr Stamp seemed not to have a secure grip so far on the broad proportions of this gigantic threnody — generalised intensity had to compensate for the uncertain sense of structure. The Acadamy strings none the less proved again that their commitment goes all the way back to the last desks: the vitality of everbody's attack fired the music and held the audience. Stamp balanced the polyphonic texture well enough to achieve quite unusual clarity.

However great Stamp's affection for Mozart, he drives him hard. The rich and sunny opening of the E-flat Piano Concerto, K482, was dismayingly blunt, without a nuance, and in the later movements there was a super-abundance of excited stress—the music barely got room to breathe. Mr Rutman delivered the solo part unperturbed, however, with much grace and a crisp, slightly self-conscious touch. His paragraphs were thoughtfully turned; it would be nice to hear him in a performance that allowed more relaxed dialogue (there was a little of that in the Andantino, but the forceful Allegros forbade it).

Still is a musician in the professional American mould — sturdy, judicious, sensibly musical, immensely reliable. His oboe pursued an exact line both in Cimarosa (the C minor Concerto) and in late Strauss, with clear-cut weighting and elegant rhythmic life rather than chiaroscuro shadings or *morbidezza*. (There could hardly have been a sharper contrast with another recent Academy guest, the clarinettist Richard Stoltzman, who is "European" to the very limit of suggestive delicacy.) Stamp made aggressive trills out of Strauss's caressing string-murmurs, but his bright way with the quicker music was an agreeable change from the conventional fainting pulse.

Five new Fellows for Royal College of Music

The Royal College of Music has appointed five new Fellows. They are Dr Eric Fenby, Miss Ruth Gerald, Mr Christopher Hyde-Smith, Professor Hugh McLean and Sir Douglas Morpeth. The number of Fellows is limited to 125 at any one time.

Second Stride/The Place

Clement Crisp

James Agate was of the opinion that the best thing to do at a dance performance was to sit with eyes shut and enjoy the music. Not, perhaps, the conventional response to dancing, and in view of most orchestral playing for ballet, not the wisest course of action. But, faced with Siobhan Davies' new *School for Lovers Danced*, part of a double bill of her work in Second Stride's programme last night, it may well be the best advice. Then, at least, pleasure in the fine recording of selected arias from *Cosi fan tutte*, which supposedly provides the inspiration, is not sullied by the sight of what seems an aerobic class set to Mozart.

The unwisdom of trying to make movement equivalents to this music is so gross a miscalculation, so wearisome in its exploration of relationships, so glum and charmless, that comment is defeated. The lighting is interesting. Much is made of a length of apricot Thai silk as sole décor and property. Of the cast, only the elegant, poised Philippe Giraudeau acquits himself with his customary distinction. The rest of the event I am determined to forget as swiftly as possible.

The first part of the evening was devoted to last year's *Silent Partners*, an unaccompanied exercise for Michele Smith and Mr Giraudeau, each shadowed by three *alter egos* or doppelgangers. The choreography is earnest about personal relationships, finding parallels and extensions of ideas in various permutations of the dancers, with hints of passion, protection, attraction and rejection dutifully set out. The dance has a clinical air, but at least it leaves Mozart alone.

Tom Waits/David Cassidy

Antony Thorncroft

Anyone hooked on the extremes of American pop culture was in need of a fast car in London on Monday night. At the Albert Hall, David Cassidy, mid-30s going on 15, was wowing young girls by exchanging kisses for floral tributes and twitching his bottom as an encore while, at the Dominion, Tom Waits, mid-30s going on 55, was doing his impersonation of George Burns after the biggest bar crawl in history.

Both beligerantly defy the years. Cassidy was a teeny-bopper idol around 1970 and now, thanks to a hit record, is popular again, amazingly with another generation of teeny boppers. He has wisely decided not to update his act although, with a rare wry insight, observed: "I'm amazed to be here. I'm even more amazed that you are here."

From the very first song, girls were trooping to the front of the stage with flowers, or the odd secret message. Cassidy did his bit. Helped by a screen of dry ice and flashing lights, he gyrated, and leaped around, and lay on the stage, love-lorn. I thought the voice was boring and the movement slightly hesitant as he eased through "Daydreamer," but the audience was happy enough with its dreams.

Waits defies the years by remaining alive. Hidden beneath a hat and a heavy stubble his image is that of the travelling beatnik, always another bar, another piano stool, another hangover. But his show at the Dominion progressed so smoothly that there can be few who fail to appreciate the professional artist behind the *louche* exterior.

He has a most remarkable voice, rasping and grasping, breaking and shaking, it turns every song into an intimate autobiography. He somehow manages to convert the stage into a seamy red-light saloon, helped by a highly competent band. His music has progressed from road songs into Brecht/Weil continental chansons, with harmonium accompaniment and jangling precussion. It was a relief for traditonalists when he hauled himself to the piano for the old romantic ballad like "Ruby's arms," but Tom Waits managed to grip the imagination with his reports from the battleground of his latest detours down desolate backstreets.

Saleroom

John Gilroy's original artwork for his "My Goodness, My Guinness" poster of 1936 sold for £1,430 at Sotheby's Chester saleroom yesterday. The price was around four times the estimate. His "Guinness for strength" artwork, of 1934, depicting a man carrying a giant girder, made £1,320.

In London at Sotheby's a rare Birmingham Japanned casket with two enamel tea caddies and a sugar canister, dated 1760, went to the London dealer Gould for £28,600, double the estimate, while J. Horne, another London dealer, paid £25,200 for an early Staffordshire slipware baking dish of the 1720s.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 18–24

Theatre

LONDON

Sweet Bird of Youth (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 19 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Barnum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, credit cards 828 4735).

Jumpers (Aldwych): Confident almost sober revival of Tom Stoppard's glittering comedy of love, murder and linguistic mayhem among the logical positivists; with Paul Eddington a more earthbound George Moore II than was Michael Hordern, Felicity Kendal delightful as his retired musical comedy wife. Peter Wood directs. (836 6404, credit cards 379 6233).

Pravda (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

Breaking the Silence (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

NETHERLANDS

Nijmegen, Schouwburg. Lamda Theatre from London with Thornton Wilder's Skin of our teeth. (Thur). (221100).

TOKYO

Sunshine Boys: Neil Simon's play revived in Japanese. Kinokuniya Hall, Shinjuku (441 5083).

Kabuki: Meiboku Sendai Hagi (Trouble in the Date Household), a play about loyalty. Evening performance: Futago Sumidagawa, a story of villainy and revenge starring Japan's most popular actor Ennosuke at his most typical with quick role changes and mid-air flying stunts. Excellent English programme notes and earphone commentary. Kabuki-za (541 8597).

Maki-no-Kata (Lady Maki): a modern Kabuki based on the character of Lady Macbeth by one of Japan's best-known Shakespearean scholars, Shoyo Tsubouchi. Set in the 13th century, one of Japan's foremost female impersonators plays Lady Maki. National Theatre, near Hanzomon Station. English programme and earphone guide (265 7411).

The Music Man: another Broadway hit performed in Japanese. Hibiya-kan Theatre, near Ginza exit of Shimbashi Station (571 1003).

NEW YORK

As Is (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

CHICAGO

Government Inspector (Goodman): The Gogol wit directed against bureaucracy has enjoyed a sympathetic hearing in America the latest contribution being this season-opener directed by Frank Galati with Keith Reddin starring with I. M. Hobson. Ends Nov 10. (443 3800).

WASHINGTON

The Good Person of Szechwan (Arena): Garland Wright directs Ralph Manheim's translation of the Brecht parable in this season opener for an outstanding repertory company. (488 3300).

Count of Monte Cristo (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

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Wednesday October 23 1985

The duties of directors

THE GOVERNMENT'S Insolvency Bill receives its final reading in the House of Lords today ahead of formal Royal Assent next week. Few would have believed that the task of modernising Britain's personal and corporate bankruptcy code would have been so complex and time-consuming. It is, after all, almost nine years to the day since Mr Edmund Dell, then Labour's Trade Secretary, told the House of Commons that a committee under Sir Kenneth (then plain Mr) Cork was being formed to carry out an exhaustive reappraisal of UK insolvency law.

It was not until 1984 that a government White Paper, in places heavily dependent on the Cork report, was published. The reform of insolvency law has attracted considerably more public interest that orginally expected; the Bill proved controversial and, although technical, attracted fire from diverse directions. Some 1,200 amendments to the Bill's 230 odd clauses were tabled during its passage through parliament and the Government was defeated on four occasions, three of them in the Lords.

Insolvency practitioners, business representatives and various pressure groups all seem agreed that the Insolvency Act will be a substantial improvement on the original Bill, even if it falls short of some of the hopes raised by the Cork Report. The process of parliamentary scrutiny has been a notable success: the notion that MPs and peers lack the resources or machinery to analyse and improve complex legislation has been, if not rebutted, at least put in a new perspective.

Controversial

One of the more important achievements of the new legislation is a long-overdue redefinition of the duties of company directors. The Government was forced, in the face of overwhelming opposition, to back down on its plan to disqualify automatically directors who through negligence allow their companies to be forced into compulsory liquidation. But the Cork Committee's concept of a civil misdemeanour of "wrongful trading" survives and with it the notion that limited liability is a privilege rather than a right. Under the new rules, incompetent, as opposed to merely fraudulent, directors may incur a measure of personal liability for debts incurred in the face of looming insolvency.

The precise definition of wrongful trading and the conditions under which directors may find themselves personally liable for corporate debts, remain controversial. In the summer, the Confederation of British Industry, the Institute of Directors and the National Consumer Council joined forces in an abortive attempt to persuade the Government to re-write the relevant clauses on the grounds that they were too subjective and lacked clarity. The objection seems to be that the Government is unwilling to give directors a "checklist" of what they should or should not do to be certain of avoiding future conviction for wrongful trading.

Encouraging

Instead, directors will be found "guilty" if, after the event, a court decides they continued trading when they "knew or ought to have concluded that there was no reasonable prospect" of avoiding liquidation. The CBI view remains that this definition "will penalise many honest and competent directors" while not preventing rogues slipping through the net. Yet it seems inevitable that subjective judgment will have to be applied in the assessment of wrongful trading since what is responsible or irresponsible behaviour by directors is so dependent on commercial conditions, which vary widely and unpredictably.

Meanwhile, it is encouraging that the insolvency legislation has already obliged the IoD to re-write its handbook on directors' duties. "The standard of skill and care the courts will in future expect of directors," it writes, goes "far beyond" that already enshrined in company law. This does not, however, say a great deal: for example, the IoD lists as one of a director's new duties the need to be "conversant with his company's current viability."

Through its licensing of insolvency practioners and invention of the "administrator," the Insolvency Bill can be expected to improve the standards of receivers and liquidators, and to facilitate the re-organisation of companies in difficulties. However, if the wrongful trading provisions have the intended effect, the Bill's even more important function may be to improve the dedication and professionalism of British directors.

The professor's turn in Athens

MR ANDREAS Papandreou, the professor emeritus of economics, has at last caught up with Mr Andreas Papandreou, the populist. A worsening current external account, growing foreign debt and poor productivity have forced the Greek Prime Minister and his Government of Pasok socialists into a U-turn like that made by the French socialists after the euphoria of gaining power had worn off.

The austerity measures announced in Athens last week reflect a sense of realism that had long been missing from the conduct of Greek affairs. Blame does not attach to Pasok alone. Its predecessors built up high popular expectations of the benefits to be derived from joining the Common Market, but did little to prepare either industry or agriculture for the inevitable shock of competition.

Since coming to power in 1981, Mr Papandreou, too, has done precious little to set that to rights. Only palliatives were applied, such as obtaining the permission of his partners to continue to restrict imports from the Community and to pay export subsidies. At the same time the advent of a socialist government raised hopes that have proved illusory.

In addition Greek resources have been strained by the need—for so it looks in Athens—to maintain armed forces capable of meeting a threat from Turkey, the historic adversary. Turkish truculence must bear much of the blame; but the pursuit of a sound economic policy has been immensely complicated on both sides of the Aegean.

Devaluation

Until this summer Mr Papandreou was under constant pressure to prevent his popular support deserting to the Communists. The convincing win of the Pasok party in the general election of last June provided him with room to manoeuvre and carry out the devaluation with supporting austerity measures.

This week's wave of strikes was the response. But Mr Papandreou seems to feel reasonably strong judging by his summary dismissal from Pasok of a group of trade union leaders who resisted the austerity plans.

The central portion of these plans was a devaluation of the drachma by 15 per cent, the accepted means to correct imbalances of competitive strength. Devaluation is to be shored up by a system of import deposits intended to discourage imports by more than the amount of devaluation. There is precedent elsewhere for such a step, but it is messier than devaluation.

Other members of the European Community must decide whether to tolerate this system of import deposits; whether to grant the request from Athens to be allowed to maintain quotas on Community imports and to defer the introduction of value added tax for another year. Sorely tried though they often have been by Greek obstreperousness, the nine have little choice but to accede to the requests. But they have every right to insist that Greece does not come back in a year's time asking for another extension.

Formidable

Mr Papandreou's decision to modify the indexation of wages is in principle much less problematical. He has estimated that one fifth of the Greek inflation rate is due to the prices of imported goods and he will reduce the index linking of wages by that amount. Since that signifies an intention not to nullify the effect of devaluation upon consumers it is a rational move.

The task which Mr Papandreou has set himself is formidable. An improvement of productivity and hence of competitiveness will be almost impossible to achieve as long as job security ranks before greater efficiency. Only a tiny start has been made towards closing down a group of moribund enterprises which have been kept alive with state money.

Bureaucracy and the black economy are rampant—a heritage from the past. The introduction of VAT in a country of under the counter deals and a civil service unprepared for such work is a herculean task. If Mr Papandreou succeeds he will have brought Greece a long way closer to mainstream western Europe.

WEST GERMAN INDUSTRY

The leaders spread their wings

By Jonathan Carr in Frankfurt

SACRED COWS are slaughtered and lame ducks healed. Alliances split which once seemed firm and unlikely-looking partners form links.

Intense foreign competition is changing the face of West German industry, and of the domestic financial sector which feeds the companies funds.

The takeover of AEG, the once-ailing electricals concern, by Daimler-Benz, the vehicle manufacturer, is only the latest example of this upheaval — albeit the biggest and most dramatic.

Subject to expected approval by the cartel office, the country's largest industrial company is being formed with annual sales of over DM 60bn.

On the 1984 "German giants" list, Daimler-Benz came fourth with sales of DM 43.5bn — behind Veba (energy, DM 48.6bn), Siemens (electricals, DM 45.8bn) and Volkswagen (vehicles, DM 45.7bn).

Only three years ago, AEG was having to seek court protection from its creditors, its shares had slumped to DM 23 and those who held them were regarded as figures of fun—or pity. Now the price has been surging over the DM 200 mark and a lot of shareholders are hanging on to their investment, confident that AEG has a glowing future under the "Mercedes star" of the canny, cash-rich auto-maker.

Daimler has clearly made the running this year, not just with its AEG move but by taking full control of MTU, the manufacturer of engines for civilian and military use, and a controlling stake in Dornier, the aerospace concern. The total sum Daimler is spending on the three could easily run to more than DM 3bn.

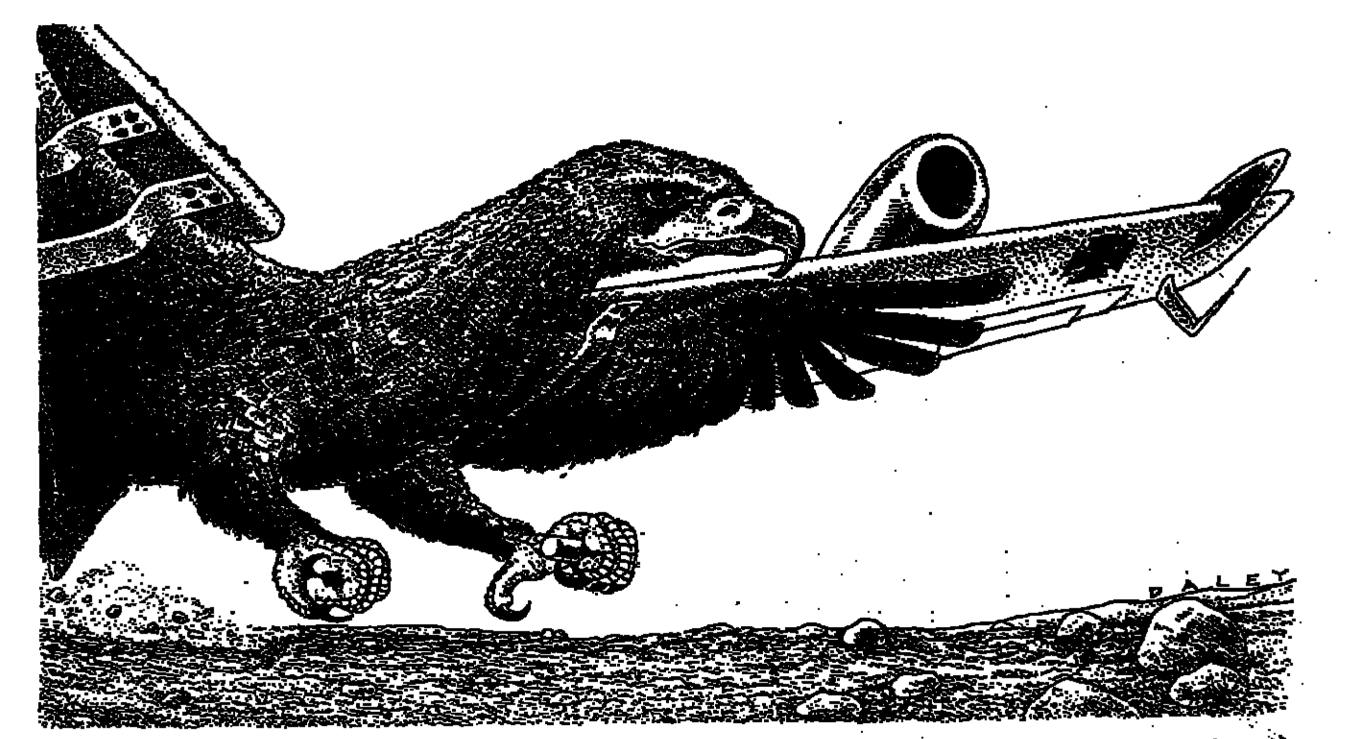
But recent months have brought other major changes on the corporate scene too, among them:

● The take-over of Krauss-Maffei, the arms and engineering concern, by a consortium including Messerschmitt-Bolkow-Blohm (MBB), the country's biggest aerospace business.

● The start of a sweeping corporate overhaul of GHH, the big (DM 16.6bn sales) engineering group, following the drastic revamping of its largest subsidiary MAN. It was MAN which sold its half-share in MTU to give Daimler full control.

● The burst of acquisitions by BASF, the chemicals company, including the buying of Inmont, the U.S. auto coatings and printing ink concern, for $1bn.

That list is far from exhaustive, and naturally does not include the deals leading companies were chasing but on which they were pipped at the post. Mannesmann, the engineering concern already diversifying into electronics, would have liked to scoop up Dornier with its enticing research and development resources. Siemens offered $1.5bn for Allen Bradley, the U.S. factory automation specialist—but lost out to Rockwell. Now Siemens has its eye on Gould, another U.S. company active in the same field.



The biggest stimulus behind this corporate upheaval is clear enough—the need to move into, or strengthen an existing position in, high-value product sectors with buoyant growth prospects in the face of the foreign challenge, above all from the U.S. and Japan.

For example, BASF's new acquistions form part of a drive into intermediate and speciality chemicals—and away (relatively) from basic products where competition is growing tougher, from Saudi Arabia and the Third World countries.

The Daimler case is clearer still, indeed it might be no bad idea to re-name the company for good or ill "Daimler United Technologies." After all, within just a few months the vehicle maker has created a diversified group with, in German terms, virtually unparalleled research, development and potential for cross-fertilisation in fields like automation technology, information and communication systems, solar energy and new industrial materials.

In international terms it is following a path similar to that of its U.S. rivals, like General Motors which recently bought Hughes Aircraft, and Chrysler which took over Gulf Aerospace.

Daimler has also, incidentally, put itself at the head of a triangle (AEG-MTU-Dornier) whose annual turnover in military equipment is probably around DM 3bn. That figure comes close to matching the military sales of MBB, another budding "United Technologies" concern which aims to expand into electronics, data systems and automation to fill out its existing aerospace activities.

MBB's new links with Krauss-Maffei, builder of the Leopard tank among other things, should give greater scope for joint military (as well as civilian) projects—for instance construction of a mobile anti-tank system. Moreover sales prospects could be brightening too, as there are signs that the Bonn government may be somewhat relaxing its hitherto highly restrictive stance on arms exports.

There are two big questions to raise about all this. The first is—aren't the Germans moving rather late, in some cases too late, to re-orientate and re-group on the international corporate battlefield?

Take the domestic electronics sector. Grundig, a flagship of the post-war "economic miracle," slid with a small mountain of unsold video recorders into the management embrace of Philips of Holland. The stricken AEG disposed of Telefunken, a historic name in German electricals, to the French Thomson group—which also scooped up other German specialists in the audio field like Saba, Nordmendo and Dual.

Even Siemens was initially slow to face up to the "challenge of the chip," though it is making mightly efforts.

It also sometimes seems baffled about how best to make productive use of its cash hoard — currently estimated at around DM 20bn, or roughly twice the figure for Daimler-Benz. All that is true and points to a certain ponderousness in assessing change and reacting to it. That is hardly a fatal flaw — after all the Germans are building up a trade surplus of about DM 75bn this year so they must be doing something right; but it is clearly a drawback.

The second, more important, question is whether the Germans can make the new kind of diversified corporate structure which is now emerging, work as well as the old, relatively more simple one.

The strength of German industry has often been that of the "good cobbler who sticks to his last"—broadening product range certainly like Siemens or the chemical companies, but rarely risking a leap into the unknown.

When companies have strayed way beyond their special fields they have not generally been conspicuously successful (for example Volkswagen's troubled involvement with the Triumph-Adler office equipment business).

Naturally the Germans are not the only ones with problems making diversification work—but they have often displayed a character trait which may compound the difficulties. There is a tendency to "compartmentalise," to be thorough and effective within given parameters, but not to go much beyond them. This seems to be one factor hindering, for example the interchange of research between industry and universities and the combination of disciplines—as in "opto-electronics."

In this respect the Daimler-AEG-MTU-Dornier linkup is going to be a touchstone. The big chances are clear enough for reaching research and product results which none of the enterprises could attain so well alone.

The question is whether Daimler, for all its proven skill as an auto-maker, its organisational ability and—not least—its cash, is going to have the flexibility to make use of them. If not, Daimler could end up — like several American concerns before it — heading a white elephant of a conglomerate with rather flat feet.

That said, it would be wrong to suggest either that the future of German industry depends on diversified "giants" alone, or that hitherto rigid attitudes are not changing at all. Alongside the corporate trends described, and in partial contradiction to them, there are two developments worth noting.

The first is the growing readiness of Germans to try to start businesses of their own rather than to bask in the (relative) safety of the big car corporations. A lot of the more successful ones can be found in those clusters of high-technology concerns around Munich, Stuttgart or in West Berlin.

Second, new sources of finance are opening up for small and medium-sized concerns. Venture capital outfits have sprung up like mushrooms within the last three years and there is plenty of cash on hand even if management expertise and advice remains hard to come by.

At the same time many more companies, both relatively new and those well-established, are going to the stock markets — which is itself in the throes of modernisation and re-organisation.

This does not mean that California's "Silicon Valley" (for all its current troubles) is about to be out-gunned by dynamic, new German entrepreneurs; nor that the German stock market is about to catch up on those of New York, London or Tokyo. But these changes too, wrought above all by foreign pressure and example, form part of the new profile of German industry and business in the mid-1980s.

CHANGES IN THE CORPORATE MAP

DATE	COMPANY	ACQUISITION	COMMENTS
Oct. 1985	DAIMLER BENZ (Motor vehicles)	AEG (Electricals)	Approx. DM 1bn for the majority stake
May 1985	DAIMLER BENZ	DORNIER (Aerospace)	65.5 per cent controlling stake
Feb. 1985	DAIMLER BENZ	MTU (Aeroengine)	Approx DM 500m for outstanding 50 per cent
July 1985	MESSERSCHMITT-BOLKOW-BLOHM (aerospace) & consortium of banks	KRAUSS-MAFFEI (Defence)	Approx. DM 170m
May 1985	BASF (Chemicals	INMONT (U.S.) (Printing ink)	U.S.$1bn
Oct. 1985	FLICK (Industrial Group)	SAIP (Spain) (Chemicals)	Outstanding 50 per cent no price given
Sept. 1985	GHH (Mech. engineering)	MAN (Trucks)	Merger of existing subsidiary
July 1985	OTTO WOLFF (Diversified Inds. group)	PWH (Bulk materials handling company)	HOESCHT sold its stake for DM 60m giving Otto Wolff total control
Feb. 1985	KHD (Diesel engine)	MOTORENWERKE MANHEIM (Diesel engine)	Value not disclosed from KNORR BREMSE
Aug. 1984	LINDE (Fork lift trucks)	FENWICK MANUTENTION (France) (Fork lift trucks)	In receivership. Finance not disclosed
April 1984	PHILIPS (Electronics) & consortium of banks	GRUNDIG (Electronics)	Philips assumes day to day control

Men and Matters

Wisdom of Solomon

What does Britain's leading supplier of meat to caterers have in common with its largest producer of upholstered furniture?

Answer: Pyke Holdings and Christie-Tyler are both recent acquisitions by Hillsdown Holdings, that voracious food to office equipment group which yesterday completed its second take-over within a week. Its £17.4m purchase of Pyke is Hillsdown's third since August, and if Hillsdown's past record is anything to go by, it is unlikely to be its last before the year is out.

Harry Solomon, Hillsdown's 48-year-old joint chairman, takes all this in his stride. The jovial former solicitor is not one for interfering too much with his acquisitions and likes to see the new recruits integrated into the Hillsdawn ranks with the minimum of fuss.

"We like to create an atmosphere where our directors come as near as possible to running their companies as if they were their own," he says. Sometimes large companies interfere too much and do not let their managers manage."

That is why visitors to Hillsdown's tiny head office in Hampsted will find only 15 staff handling the affairs of a conglomerate employing 14,000 people. At the same time, Solomon and his partner, the contrastingly shy and self effacing David Thompson, pride themselves on being just a phone call away from any of the directors of the group's numerous satellites at any time.

If lines of communication do break down, they follow Murphy's law and break down close to home. Solomon was just a week away from completing the takeover of Christie-Tyler when his wife spent several hundred pounds on purchasing a Christie-Tyler three-piece suite.

"She paid the full retail price," groans Solomon. "I don't know whether we could have got a discount. I haven't asked them yet."

"I'll soon be quicker to send a letter to Edinburgh than to buy the stamp"

Chemistry

Staff motivation and service-with-a-smile form a major part of Underwoods' corporate philosophy, Brian Kerner, managing director, told journalists yesterday.

The chemists' chain, which is being floated on the stock market, proudly states in its pospectus that "everyone is addressed on first name terms," and emphasises the "high standard of service given by its staff."

Kerner expanded on the courtesy angle. All customers, he said, are greeted with a "Good morning madam" or, at worst, with a friendly "Hello."

A plain "Can I help you" is simply not good enough at Underwoods.

Meanwhile, round the corner at the local Underwoods store in the City, business was proceeding briskly if somewhat chaotically.

Long queues had formed at the main checkout while sales assistants stood round other tills looking bored.

One such, wearing a bright badge with the mesage "I'm at Underwoods, London's liveliest store" raised her eyebrows in weary enquiry at an intrepid colleague who had been standing there for some time holding out a pair of tights.

"Ninety-nine pence," she said by way of friendly greeting.

For richer...

Computer dating has apparently brought enough happy couples together to encourage the U.S. Embassy in London and Barclays Bank to try some similar match-making between companies from each side of the Atlantic.

Whether any fruitful unions result will be known after the prospective partners are introduced to each other at the Matchmakers exhibition and seminar at the embassy from November 19-21.

More than 60 small and medium-sized American companies will be there—and top level executives from 400 British companies have been invited to run an eye over them.

A computer, fed with all their vital statistics, has suggested that they already have many interests in common—above all, in equipment to improve productivity.

The personal meetings, it is hoped, will lead to new trading partnerships. Most of the U.S. companies are venturing abroad for the first time.

Barclays, which is helping to sponsor the get-together, will have its marriage guidance counsellors on hand to sort out any legal or financial hitches and to help tie the knots.

Ill-fitting

China, whose last fashion revolution (circa 1949) gave us the Mao Tse Tung suit, is poised for a new leap forward.

Chinese designers, according to China Daily, are about to launch on the Paris fashion scene a new line—in pain-killing clothes.

They sound just the thing for English summer wear. The clothes are padded with tradition herbal remedies to prevent pains caused by cold, damp and stress, says the newspaper. The medicines will be sewn in at the shoulder, stomach, waist, chest and knee.

The chic may worry about the effect on the figure of all that extra padding. But the Chinese are busily designing healthily matching accessories.

A national shoe industry conference has just decreed a maximum height of 1.6 inches for men's heels and 2.4 inches as the limit for women's shoes.

High heels were condemned in China two years ago as signs of "spiritual pollution." But this time, says China Daily, the decision was taken for physical reasons.

Here and there

A certain City bachelor—let us call him Jones—found he was regarded with some opprobium by many of his colleagues' wives. Jones, a genial and bibulous man, eventually discovered that whenever his friends were particularly late home from the office, they blamed him for forcibly detaining them in some bar or other.

One Friday night, one errant husband rang his wife, who was already in bed. "I'm sorry, but I'm with Jones," he explained. "He's overdone it again and he's in no fit state to travel on his own. I'll pour him into a taxi, take him to his flat, and doss down on his sofa. I'm sorry, but I'll be home as soon as possible in the morning. All right?"

"All right," said his wife, sleepily. And turning over, she murmured: "It's OK darling. He's with you."

Observer

THE FUTURE of Westland, Britain's only indigenous helicopter manufacturer, will be determined within the next few weeks. Unless some awkward political decisions are taken in its favour by the end of November, Westland's position will be precarious.

The political dimensions of its problem started to become clear yesterday when anxious Members of Parliament raised a batch of questions about future relations between the Ministry of Defence and the company. For its part, the Government is having to balance its wish to curb public spending, particularly in the defence area, against the strategic and industrial importance of maintaining the only British supplier of an important piece of military equipment, and one which supports a large number of employees and sub-contractors on the strength of its specialised design and production skills.

Other helicopter manufacturers around the world are either state-owned—like Aerospatiale of France—or part of large conglomerates, like Sikorsky or Bell of the U.S. The central problem for Westland is that it is a small independent company, with total sales of under £300m which is mainly engaged in a capital-hungry activity. In its attempts to compete in what has for some years been a very difficult international marketplace, it has exposed itself to a degree of financial risk which now threatens the whole business.

Westland does not face a short-term cash crisis, but it has a serious balance sheet problem. Its financial year ended on September 30, and around the end of next month the auditors will have to form a view of its financial health. Hence the tight timetable.

The immediate question concerns the value of work in progress on a contract which has yet to be finalised for 21 Westland 30 civil helicopters being built for the Indian Oil and Natural Gas Commission, and six more for VIP transport in India. Work was well under way on this programme at Westland's own risk when Mr Rajiv Gandhi, the Indian Prime Minister, placed its future in doubt this spring. As a result, the company is now carrying an abnormally high inventory of work on the Westland 30, currently worth £40m or more. In a market where civil orders are few and far between, the real value of this work would be very doubtful if the Indian contract were to fall through.

Although no deals were discussed when Mr Gandhi was in London last week, the general view in Whitehall seems to be that India will indeed finalise a contract with Westland. But it is highly uncertain whether this will be done in time to be reflected in the forthcoming balance sheet.


Sir John Cuckney

Indian order in the balance

The clock is ticking away at Westland

By Richard Lambert


Westland's helicopter gunship, the Lynx-3, set new capacity standards

Moreover, even if the Indian order can be settled soon, Westland may still have to face up to the need for significant provisions in its forthcoming accounts. Under its old management, which was replaced this summer when the scale of the problem became obvious, the company had geared itself up to build as many as 400 Westland 30 helicopters over the rest of this century. This is far in excess of what now looks like the most optimistic projections.

Price Waterhouse, the accounting firm, has completed a special review of Westland's operations which it started this summer, and has apparently turned up no new skeletons. But there are still a number of existing skeletons to be taken care of.

Sir John Cuckney, veteran of many corporate rescues, was appointed chairman in June. In the delicate way that these things are put, his appointment came at the suggestion of the Bank of England, which had become alarmed at the downturn in Westland's fortunes. This became all-too-apparent earlier that month when Bristow Rotorcraft abandoned an £89m bid for the company at the very last moment. Bristow was a company specially formed by Mr Alan Bristow, a leading helicopter operator, with the backing of City institutions, and it made little secret of the fact that Westland's deteriorating financial health had caused it to think twice about the takeover.

Sir John now finds himself with one of the most complicated problems he has faced in a career which has included the hot seat at such troubled institutions as the Crown Agents, the Port of London Authority, and John Brown. Westland's borrowings are pushing up towards £100m. These are supported by shareholders' funds which were shown in the last balance sheet at £124m. But the obvious doubts about the current worth of these assets are evident in the stock market value of the company, which after a recent rally in the share price is around £50m.

Given this fragile financial structure, together with what promises to be a very lean workload over the next 18 months or so, Westland is inevitably heading for some form of financial reconstruction. Like his predecessor, Sir John is looking for "an association with a substantial international business." Ideally, such a partner would be a helicopter manufacturer able to come up with a cash injection in return for a minority stake in the UK helicopter business, together with an input of new work to carry the company through the present shortage.

But there are obvious difficulties involved in pinning down a partner at a time when the financial position is so uncertain. As a result, the management has to resolve a series of interlocking issues in the coming weeks.

If the Indian contract is not finalised in time, will the British Government be willing to stand behind the order in any way? Will the UK Government also be able to give any indication of its future helicopter requirements — something which would certainly help the company in its search for a partner? Will Westland indeed be abe to attract a strong international partner — and on what terms? Will any final package be acceptable to shareholders and, more crucially, to the banks?

One irony is that the Indian order, if it goes ahead, will in effect be entirely financed by the British taxpayer anyway, through the overseas aid programme. There have been suggestions that if the worst happened, the British could find a use for the helicopters—perhaps in Northern Ireland, or in some reserve role.

But Mr Michael Heseltine, the Defence Secretary, is said to be taking a robust line—and no wonder. He faces a tough period in the coming weeks at the hands of the "Star Chamber," which is trying to reconcile government departments' spending plans with the overall expenditure programme. And he is also anxious to develop a more competitive and commercial procurement programme. Helping out Westland could make both these tasks more difficult.

The Ministry of Defence is also thought to favour the idea of a European partner for Westland, which would make sense in the context of collaborative defence programmes. But Westland seems to have set its eyes on a U.S. collaborator — Sikorsky, for choice — on the view that this would form a more stable marriage.

The company has quite a lot to offer to potential partners. Westland would provide an important strategic foothold in the UK market; a broad range of military experience, with especial expertise in the market for naval helicopters; and some promising developments over the medium term. Its cash flow should start to improve substantially after the end of next year, when deliveries get under way on a programme of Sea Kings for the Indian Navy. Further ahead, there are high hopes for a new generation of anti-submarine and utility helicopter —the EH 101—which is now being developed in partnership with Agusta of Italy with the full support of the UK and Italian governments.

From the company's viewpoint, probably the only solution would be a collaborative approach in which the banks and existing shareholders would join with a new associate and the British Government to create a new Westland—with a clean balance sheet, a steady workload, and a broader technological and commercial base. But that will involve getting a lot of ducks in the air at the same time—and the clock is ticking away.

Museum charges in Britain

The wrong way to ask visitors to pay

By Walter Elkan

AT THE beginning of November the Victoria and Albert will be the first of the large London museums and galleries to request visitors as they enter to make a voluntary donation of a specified amount. The museum proposes to ask adults to donate £2 each. The Government is now encouraging, or even obliging, museums to find ways of supplementing their Exchequer grants, and it announced in July that in future they would be allowed to keep what they earned in whatever way they chose to earn it.

What the V and A proposes is perfectly justifiable, but the way it intends to go about it leaves something to be desired.

Note that what is proposed is a specified donation, not an admission charge. Admission charges were tried in the early 1970s but they were so disliked that after only three months they were abandoned following the "miners' election" of February 1974 in which Labour had promised to abolish them. The National Maritime Museum reintroduced admission charges last year, but only after ensuring that local residents would be exempted, and that the charges would not result in a reduction in the numbers who came from further afield.

In principle, it is difficult to object either to admission charges or requests for specified donations. Remember that many of the taxpayers who currently provide the £80m to finance the centrally funded museums are quite poor, while the museums' visitors are predominantly the middle classes. Why should the poor finance the pleasures of the rich?

An English Tourist Board survey showed that in 1981 24 per cent of British adults visited a museum at least once. Of the total, 41 per cent were from the professional, managerial and administrative social classes (AB), 31 per cent were white-collar workers and only 14 per cent were from the socio-economic categories DE—the unskilled and the poor. For the V & A, the British Museum and the Tate the proportion from the top socio-economic group was even higher.

Insofar as the less affluent go to London museums at all, they tend to go to the Science Museum, the Imperial War Museum and the National Maritime. There are also, of course, very large numbers of foreign visitors. They come mostly from countries where they are accustomed to being asked to pay and perfectly able to do so. Again, there is no good reason why "poor" taxpayers should support more affluent tourists from abroad. It is, on the whole, not the visitors but museum staff who are apprehensive about the idea of asking visitors for money.

But there is, in any case, a difference between charging outright for admission and encouraging visitors to make a specified donation. A voluntary donation is surely preferable. No one *has* to pay, let alone the amount suggested. It is simply an extension of the collecting boxes already found in all museums. Such an extension is long overdue because what is currently deposited in them is derisory. In 1980 10m visitors to the National Gallery, the British Museum, the Tate, the V & A and the National Portrait Gallery placed the lordly total of £3,063 in their collecting boxes. Since then, there has been a drive to make the boxes a little more conspicuous so that the BM, for instance, has collected over £30,000 in less than a year. But the BM also had over 3m visitors, which works out at one penny a head. It could surely hope to do better.

One way which is virtually certain to lead to an increase in the amount donated is to have the collecting boxes *manned*. It is not quite so easy to ignore human beings as unmanned inanimate boxes. Nor will many people object to a specified amount, provided it is regarded as reasonable.

That is what the V & A had in mind. One must wish them every success. There are, however, reasons to be a little apprehensive. First, the suggested £2 per person, even with a reduction to 50p for children, students and OAPs, is still quite a lot, though people will of course be free to donate less. The Metropolitan Museum in New York suggests $4.50 (c£3). But in America average incomes are very much higher. Even so, that $4.50 often causes resentment, which it *would surely be better to avoid.*

Secondly voluntary should *mean* voluntary, and there are indications that the V & A intends to put people under a good deal of moral pressure. This is in marked contrast to Salisbury Cathedral which has really been the pioneer in all this: from March to October it asks sightseers to donate 60p (30p for OAPs and children)—with a maximum of £1.80 for families. If anyone demurs, objecting perhaps that a cathedral is a House of God which one should not have to pay to enter, he or she is at once ushered in, and with great courtesy. Donations in Salisbury are truly voluntary.

Thirdly, there will be about 10 paid employees. At Salisbury it is all done by the Cathedral's Friends. There are many women whose children are at school or grown-up or men retired from their jobs who would welcome the opportunity to give part-time voluntary service and to be in contact with others who share their interest in the arts. To use volunteers would take some organising, and one would need one or two paid organisers. But that may be preferable to a staff of 10.

In brief, neither admission charges nor voluntary but specified donations will do more than supplement the grants which museums must continue to receive from the Government. But it does not seem intrinsically wrong to expect visitors to contribute a little more than a penny a head. Provided the amounts sought do not deter potential visitors, it is difficult to see what the objection is. Contributions from the public will give the big London museums and galleries a little more elbow room. If genuinely voluntary donations are chosen in preference to admission charges, no-one who really objects or cannot afford to pay will stay away. One must hope and pray the V & A scheme will be a success. If it is not, others will be deterred.

Walter Elkan is professor of economics at Brunel University, West London.

Letters to the Editor

Secret exchange rate aim

From Dr J. Bray MP

Sir,—In abandoning the medium term financial strategy the Chancellor has acknowledged the error of that concept for which he was largely responsible. But he appears as confused as ever.

The Chancellor seems realistically to have given up hope of establishing the credibility of any measure of the money supply which could take the main burden of acting as an intermediate target.

He now says further that money GDP cannot be an intermediate target. That is fair enough. It does not fulfil the operational requirements of being continuously or even quickly measurable. It is also out as a final objective since "the inflation rate is judge and jury." Its rejection as a final objective will upset Mr Samuel Brittan, but no one else. There is no reason why the Government should seek to reduce real growth as well as inflation.

But, the Chancellor says, reasonably enough, "it remains operationally necessary to conduct monetary policy through the use of intermediate targets—taking account of relevant information such as the behaviour of the exchange rate."

This use of intermediate targets may be just a matter of official judgment as your leader (October 18) expects, or it may not. It may look at the levels, or just the rate of change, of the exchange rate, or both. But the logic will be kept secret, and neither the financial markets, nor industrialists making longer term investments, will be given any indication of the real or nominal exchange rate at which the Government is aiming or expecting.

So in forming their expectations economic agents will have no information on the intended course of Government policy in the shorter or longer term, except that it is against inflation. Taken literally on its own, that would mean forcing the exchange rate up again to even more uncompetitive levels, artificially to keep down prices at the cost of further loss of output and employment. I would not expect such folly even of this Government.

A rationale can be given to the Chancellor's words and actions by the use of some such arguments as I set out in the second special report of the Treasury and Civil Service Select Committee (1982-83) International money arrangements. It sets out the use of the exchange rate as an intermediate target along with other intermediate targets and final objectives, including inflation. The Treasury now have the methods working on the Treasury model.

I shall not embarrass the Chancellor by asking if he is now running this apparatus operationally, to give guidance on policy. But I would point out that the one aspect of the medium term financial strategy that does remain valid is the value of announcing the quantitative basis of government policy in the short and medium terms. That the Government is not now doing.

The Chancellor voted for my *amendment to the Industry Act* 1975, requiring access to the Treasury model. Let him now follow through the logic of that act by giving markets access to the apparatus and guidance by which they can form rational expectations of future Government policy in the more complex phase on which it is now embarked. There are good grounds for believing such expectations would lead to a more stable and better aligned exchange rate—rather better grounds than the Chancellor had for the original medium term financial strategy.

(Dr) Jeremy Bray.
House of Commons, SW1.

Tight rules—low demand

From Mr K. Starling

Sir,—The item entitled "Demand for loan scheme at record low" (October 17) while I am sure is factually correct, is potentially misleading.

Having lost more than £60m, with a failure rate of some one in five companies supported, the Government "ran for cover" last year. The rules were tightened up to such an extent that it is hardly surprising that demand is now at a record low. In a cynical moment one might suggest that the scheme to all intents and purposes was condemned a year ago and the deliberations now under way are merely cosmetic.

What ever comes in place of the present scheme will hopefully be better thought out and not simply left in the hands of bankers and civil servants.

Kenneth Starling.
West Challow,
Wantage, Oxfordshire.

Energy prices

From Mr P. Wright

Sir,—It is interesting to compare your editorial on the coal industry (October 17) with the front page article by two of your correspondents on the gas industry of the previous Monday.

In discussing the possibility of a substantial increase in gas prices in order both to make British Gas more attractive for privatisation, and to raise cash for the Treasury to ease its battle with spending departments, your correspondents claim that "Electricity prices would probably also rise for competitive reasons" (sic). Then, in the editorial, you proceed to advocate falling prices for coal, again for "competitive reasons."

Thus, employing remarkably twisted logic, you appear to be applauding the exercise of monopoly and monopsony power purely for political reasons by the gas and electricity industries, while denying any such privilege to the coal industry. The result of rising electricity prices and falling coal prices will, of course be super profits for the electricity industry (no cheaper electricity for the consumer), a performance which will probably be taken to indicate "efficiency." Part of these monopoly/monopsony super profits will then be levied by the government and passed back to the coal industry under the label of "subsidy"!

How anyone can pretend to rely on such a "market" to generate rational allocational signals for energy industries is beyond me.

Philip Wright.
University of Sheffield,
85, Wilkinson Street,
Sheffield.

Market economies and Governments

From Mr P. McGregor

Sir,—Now (October 17) that Samuel Brittan has explained to us that his real love is double entry book keeping rather than economics, perhaps he should be invited to explain it to the Japanese who clearly do not understand it since they seem to find no difficulty in building up a massive trade surplus without the yen reaching uncompetitive levels. No doubt they would have found a way of doing so had their exports been oil rather than other visibles. Or perhaps, more usefully we could invite a Japanese to explain why they do not believe in double entry book keeping, at least not when dignified as pseudo-economics.

Of course there is a sense in which there has to be a short-term accounting payments balance for the world as a whole. But since we are not dealing, Treasury-style, with sweetyshop bookkeeping, we can remind ourselves and Samuel Brittan that neither the world nor the national economies are zero sum games, which is what his accounting analogy was really suggesting. Indeed it is the strength of the market economy system that this has been so conclusively demonstrated. But market economies do not function when Governments make daft decisions which create havoc among businesses. This is especially true of supposedly supply side Governments which do not even ensure supply.

People like the Lord's committee are concerned for the future just because (to answer one of Samuel Brittan's questions) capacity has been destroyed in the partly Government-created recession and we have shortages of skilled labour which the Government is doing nothing like enough to rectify. This is why there is some shortage of spare capacity now, and why it is hard to see how "as the oil surplus runs off, the balance in non-fuel trade, including manufactures, will improve again."

Peter McGregor.
Dacres, Troutstream Way,
Loudwater, Herts.

Technological future

From the Editor, The Engineer

Sir,—Samuel Brittan's eloquent attack on the House of Lords select committee on overseas trade (October 17) cuts little ice. For Mr Brittan's elegant economic theory and faith in the balance of trade both ignore one vital fact.

You cannot turn manufacturing industry's competitiveness and inventiveness on and off like a tap.

Of course when the oil surplus runs down, the effect on the pound will be favourable for manufacturing industry's trade. But that trade also relies on having the right products for the market place: the technology is as important as the price.

The worry which the report accurately pinpoints is that the erosion of the manufacturing base and the comparative lack of investment in research and development will leave Britain technologically ill-equipped to get the right products to the right markets at the right prices.

Already the evidence from the government's statistics is that the trade deficit in manufacturing is at its worst in high technology sectors such as electronics and computing. If there are fundamental gaps already in our national technological competence, how can we face the future with any confidence that manufacturing industry will be able to make good the hole left by the decline of oil?

John Pullin.
30 Calderwood Street, SE18.

FINANCIAL TIMES

Wednesday October 23 1985

Finnish group to acquire Electrolux operation

By Kevin Done, Nordic Correspondent, in Stockholm

OUTOKUMPU, the Finnish state-owned mining and metals company, is negotiating the takeover of Electrolux's manufacturing operations in semifinished copper products and copper tubes in a deal worth more than SKr 600m ($75.5m).

The acquisition will make Outokumpu the biggest single copper processing company in the Nordic region and it will become one of the market leaders in Europe.

Outokumpu is planning to take a 70 per cent shareholding in Granges Metallverken and Wirsbo Bruk, which have been subsidiaries of Electrolux, the Swedish household appliances concern, since 1980.

Granges Metallverken had sales last year of SKr 2.674bn and a workforce of 2,600. It manufactures and markets a broad range of semi-finished goods made of copper and brass. It is the world's leading supplier of thin copper and brass strip for vehicle radiators and heaters with about 15 per cent of the world market.

Wirsbo had a turnover of SKr 957m last year and a workforce of 1,250. It is one of Europe's leading manufacturers of copper, steel and plastic tubes and produces systems for ventilation and sanitary installations, district heating and industrial use.

Together the two companies accounted for some 10 per cent of *Electrolux's group turnover of* SKr 34.9bn in 1984.

Electrolux acquired the troubled *Granges group of companies in 1980* for SKr 725m after Granges had been on the verge of financial collapse for several years.

It took on one of the most-far-reaching corporate restructuring tasks in Swedish industry. It gradually liquidated all Granges' unprofitable operations, including activities in iron ore mining, steel, shipping, glass and railways. In 1981, it sold off the company's hydropower assets for SKr 1.2bn.

Since then it has concentrated activities in five industrial companies involved in aluminium production and processing, steel castings and sintered steel products, the manufacture of car seat-belts and the Metallwerken and Wirsbo operations.

The whole Granges operation accounted for some 21.5 per cent of Electrolux sales in 1984 and some 16.4 per cent of group operating profits.

The disposal of the copper fabricating operations will help strengthen Electrolux's finances, which had become strained after a *rapid series of takeovers in recent* years, including the acquisition of Zanussi, the loss-making Italian *producer of household appliances*, in 1984.

For Outokumpu, the deal marks a *big step in the growing internationalisation* of the group, which has included the purchase of two small copper mills in the *U.S. last year*.

French employers seek cuts in corporate taxes

BY DAVID HOUSEGO IN PARIS

THE FRENCH employers' federation (the CNPF) has proposed a three-year programme of cuts in corporate taxes to improve the competitiveness of French industry.

The initiative of the CNPF is timed to influence the election programmes of the political parties which are now being finalised for the March parliamentary elections.

Both the Socialists and the right-wing opposition are in favour of further *strengthening* corporate profitability to encourage investment – a process that began two years ago *after a long period in which the corporate* sector was squeezed to maintain household living standards. *But there are strong differences be*tween the parties on how far the process should go and where tax *cuts should be made*.

The CNPF proposes that the next government should embark on a three-year programme designed to cut France's tax and social security contributions by one percentage point of gross national product (GNP) a year – equivalent to about FFr 40bn to 45bn ($4.97bn to $5.5bn) annually.

It believes 80 per cent of these reductions should go to lightening the tax burden of the corporate sector. It argues for cuts in the standard corporate tax, a reduction in the *taxe professionnelle* – a type of payroll tax – and reductions in employers' contributions to family benefits.

The CNPF bases its arguments for concentrating tax cuts on the corporate sector on the premise that this is the most effective way of improving France's export performance and thus reducing foreign indebtedness. The employers claim that a trade surplus of FFr 30bn to FFr 40bn a year is needed to prevent any net increase in foreign debt.

The CNPF rejects the continuing pursuit of the Socialist administration's macro-economic policies on the grounds that these will not sufficiently encourage a pick-up in industrial investment and thus an adequate turnabout in the trade account.

It also rejects the policies put forward by M Raymond Barre, the former Prime Minister, *for using fur*ther cuts in public expenditure to reduce the budget deficit as being excessively deflationary.

The opposition is broadly agreed on trying to cut public expenditure by 1 percentage point of GNP a year. But it is divided on how these savings should be split between reducing the budget deficit and corporate and personal tax cuts.

The CNPF believes that the additional cuts in public expenditure can be found through savings in social security spending, a reduction in the number of public employees and a cut in public aids to industry. Subsidised interest rates for industrial lending will cost the Treasury this year FFr 48bn.

The employer's proposals are presented in a non-aggressive tone which is intended to avoid giving offence to the main political parties or the unions. The CNPF makes bare mention, for instance, of employers' hopes that a new government will make it easier for companies to declare redundancies.

EEC ministers set targets for increased imports by Japan

BY QUENTIN PEEL IN LUXEMBOURG

EEC FOREIGN Ministers yesterday set out their targets for forthcoming trade negotiations with Japan, calling for a quantified increase in imports over a specific period of time, to complement the Japanese Government's action-*programme to open up its domestic* market.

At the same time, they issued a *conciliatory statement on trade re*lations with the U.S., expressing concern about the proliferation of trade disputes on issues such as steel, cereals and citrus fruit.

In a symbolic gesture to counter protectionist pressures, particularly in the U.S., they also approved an early reduction in EEC customs tariffs – the final round of the cuts agreed in the Tokyo round of negotiations under the General Agreement on Tariffs and Trade (Gatt) – in spite of the opposition of France and Greece.

The negotiating position for Japan, approved by the Council of Ministers is intended as a guideline for the European Commission in *talks to be held in Tokyo*

Apart from seeking specific figures for increased Japanese im*ports of manufactured goods and* processed agricultural products, the ministers are looking for:

- Further steps to *stimulate* domestic demand in Japan;
- A value of the yen which "more closely reflects the fundamental strength of the Japanese economy";
- Speeding up the liberalisation of financial markets;
- Setting a timetable for early implementation of all aspects of the action programme.

The ministers welcomed the Japanese intentions to open up the domestic market, but doubted that the practical effects of these measures would result in a significant reversal of the increasing trade imbalance.

On the U.S., the ministers "noted with preoccupation" the U.S. move *to open proceedings* in the Gatt against EEC export refunds for wheat, and instructed the Commis*sion "to take the appropriate steps* to defend Community interests." This is understood as guidance for *the Commission to take counter*action against U.S. agricultural export subsidies.

However, the tone of the statement on U.S. trade is generally cautious, and the ministers "considered it important to avoid the proliferation of points of bilateral dispute with the U.S."

They welcomed the latest U.S. move on EEC wine exports, in which the U.S. International Trade Commission found there was no threat of material injury to U.S. producers.

Talks falter on Med trade

BY IVO DAWNAY IN LUXEMBOURG

EEC FOREIGN ministers failed yesterday to agree on a common ne*gotiating position over trade talks* with 11 associate Mediterranean countries, despite an urgent call *from Mr Yitzhak Shamir, the Israe*li Foreign Minister, for a rapid start to the negotiations.

During talks with the ministers in Luxemburg, Mr Shamir warned that it was "more vital than ever" *for farmers and businessmen to* know what access they would be allowed to EEC markets after the *accession of Spain and Portugal*.

However, his appeal appeared to fall on deaf ears when Italy, backed by Greece, continued to resist a European Commission plan allowing the Mediterranean countries a gradual dismantlement of customs duties on fixed quantities of farm produce.

Italy claimed that the terms under discussion would hurt Italian farmers already threatened by Spanish and Portuguese accession. And it said that the trading accord should not be completed before de*tails of a broader co-operation* agreement, involving EEC financing for food strategies and economic and technical programmes, were finalised.

The Commission, backed by the other member-states, argues that the trade agreement must be completed before enlargement takes place in January. Furthermore, West Germany and the UK have argued strongly that the deal need not be linked with the co-operation package because this does not require approval until next summer.

Pressure mounts for UK bailout of troubled Westland

By Peter Riddell in London

BRITISH defence ministers yesterday declined to give definite guarantees of possible support for Westland, the financially-troubled helicopter producer. However, the Government is closely involved in discussion about the future of the company.

There is considerable pressure, both from the Department of Trade and Industry and from MPs of all parties, for a commitment from the Government. The Ministry of Defence has so far been cautious, while recognising that there may have to be some public sector participation in any package.

During defence questions in the House of Commons, Mr Norman Lamont, the Minister for Defence Procurement, was non-committal in face of calls for continued backing *for Westlands from MPs on all sides* of the House.

The Ministry of Defence is adopting a wait-and-see attitude, depending on the outcome of current talks involving the company, its financial *advisers* and possible *partners* such as the U.S. company, Sikorski, and Bristow.

Within Whitehall some Ministers and officials have argued that in view of the worldwide over-capacity *of helicopter production there is no* necessity for a British-owned producer. The Ministry of Defence's priority *is to ensure* that a British capability is retained for the supply of spares and support for existing helicopters being used by the armed forces.

Mr Lamont told the Commons he was still hopeful of a decision shortly from the Indian Government for an order of Westland helicopters and said £65m of trade and aid support was still available to the company.

Later, Mr Lamont defended the Government's record in backing Westland, with £80m ($115m) of orders currently for new helicopters and £60m for spares and support. He stressed that the Government had provided large sums of money and wanted to encourage the company in export markets.

His comments came in reply to repeated calls for continued backing, not only from Labour and Social Democrat/Liberal Alliance MPs, but also from senior Tories *such as Sir Anthony Buck*, the chairman of the Tory backbench defence committee, who said it was vi*tally important to preserve an in*digenous capability to build helicopters.

Digital's earnings down 6%

By William Hall in New York

DIGITAL Equipment Corporation, the world's second largest computer *manufacturer, yesterday reported a* 6 per cent drop in its first quarter pre-tax profits to $97.7m and *cheered its shareholders by indicat*ing that it was doing better than most in the protracted slump in the computer industry.

Digital's shares jumped by $4⅝ to $110¾ in early New York trading yesterday. Mr Ken Olsen, chairman, said that his company was faring better than most because of its ability "to deliver the high speed networking solutions that businesses want and need most." Networks were used to automate the factory, office, design and engineering departments and laboratories.

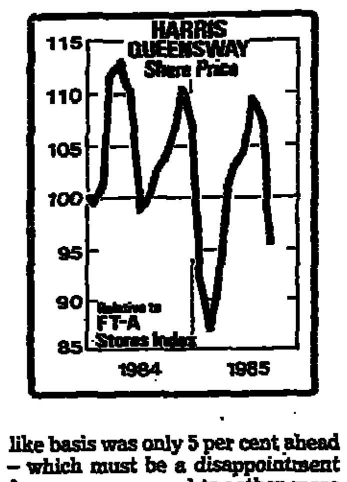
Digital specialises in integrating these local networks into a single, company-wide system that will enable all sizes of computers to talk to each other, share their workloads and data bases.

Digital's revenues in the three months to the end of September rose from $1.5bn to $1.6bn. Partly due to a higher tax charge, its net income from operations fell to $72.3m, or $1.20 per share, from $81m or $1.38 per share.

THE LEX COLUMN

Funds of funds swim ashore

Yesterday's setback in the equity market may reflect no more than the threat of defence cuts, nervousness in advance of ICI's third-quarter profits and nasty rumours about banking losses in the Far East. But there was also at least a hint that takeover fever is abating. Keep taking the tablets.



Fund of funds

In its last remaining months as the judge of what is permissible in a unit trust, the UK Department of Trade and Industry is making full use of its dictatorial powers. It is today to authorise a new category of unit trusts, the fund of funds, which breaches all the previous rules about not investing in other unit trusts, not investing in unlisted stocks, and not putting more than 5 per cent of your money in any one security. It has done all this without consulting the Unit Trust Association or the fund management industry as a whole.

Lucky Grieveson Grant ends up with a highly marketable new product, while Framlington, which mistakenly assumed that rules were rules, finds itself with a fund doing much the same but with the taint and expense of an "offshore" label. The DTI argues that it is not empowered to make formal rules: to have discussed the principle would have removed the commercial advantage of those groups that had the new idea.

New idea? Royalties, please, to Mr B. Cornfeld. The department is not anxious to have his name associated with the new kind of fund, and has insisted on strict safeguards to avoid a repetition of the IOS experience. At the same time, however, it is setting a precedent for overturning these safeguards in the future, and without public discussion.

Harris Queensway

The award of a knighthood to Sir Philip Harris in June may have helped to mark his move from carpet king to figure of the establishment. Now his group is going through the same, possibly painful, transition. Harris Queensway, whose interim results came out yesterday, is promising jam tomorrow in exchange for heavy capital expenditure today.

The half-year results, showing pre-tax profits up 11½ per cent (excluding property disposals) were good enough to put 8p on the shares. But turnover on a like-for-like basis was only 5 per cent ahead – which must be a *disappointment* for a company used to rather more sparkling sales growth. Undeterred, Sir Phil is pressing *ahead* with refurbishment, store expansion and reorganisation in a five-year plan intended to transform an entrepreneurial, rather fragmentary company into something with more central direction.

The decision to buy out the erstwhile Debenhams' stake in their furniture joint ventures is part of the tidying-up policy. The idea is to end up by 1990 with four divisions – carpets, furniture, electricals and textiles – turning over more than £1bn between them.

It is a brave but expensive strategy. Capital expenditure this year *and next will take its toll on profits* through a much higher interest charge, with the benefits not projected to come through *until* year three of the plan. In the meantime, the joint ventures, whose profits only just covered interest charges in the first half, should contribute rather more. The recent acquisitions could help to push profits up to around £40m in this 13-month accounting period (about £37m on an annualised basis) and perhaps £45m in the following year.

While applauding the audacity of Sir Phil's designs, though, shareholders must be wondering *whether his increasingly cyclical* businesses will not reach their peak capacity just as the next recession *hits. The shares, on a prospective* p/e for this year in the high teens, do not seem to discount the risk.

Hillsdown Holdings

Hillsdown Holdings is a busy sort of company. In the past three months alone it has added two furniture companies to its portfolio and picked up a 10 per cent holding in OEM, the office equipment group. So yesterday's announcement that it was making an agreed offer worth £17.3m for Pyke Holdings, the meat supplier, looked almost routine.

Hillsdown has never been shy *about doing deals*, as anyone who read the January offer for sale prospectus will know. But it is one thing *to buy tired old food companies* and inject new life; it is quite another to tackle the upholstered *furniture* business or pay *fancy* earnings multiples for companies which boast a record as strong as Hillsdown's own.

Yet, paradoxically, the deals of the past few months should support *Hillsdown's claim to be primarily* interested in organic profits growth. Hillsdown already knows *the furniture business and the two* acquisitions in that area make a tidy fit. Pyke, meanwhile, brings a *string of catering clients and an ex*pertise in portion control which can only be of benefit to Hillsdown's other meat businesses. So far, so good.

Hanson/SCM

It must be fairly unusual, even in the *U.S., for a defending chairman* to appear in the witness box for the purpose of talking down the value of his company. In the cause of justifying SCM's lockout agreement with Merrill Lynch, however, the chairman of SCM has been soft-pedalling the virtues of spices and titanium in a manner characteristic of an aggressively tight-fisted bidder – like SCM's present adversary, Hanson Trust.

Though SCM's incumbent board may have doubts about the long-term prospects for spices, they seem not to be shared by companies like McCormick and Borden, who are reported to have offered over $100m or SCM's food division. As for titanium pigment plant, talk *of a going rate in recent deals of* $1,000 per ton of capacity is not only less than SCM was itself prepared *to pay for Laporte's titanium diox*ide business last year, but around half the current cost of commissioning new facilities.

However crucial to the interests of shareholders, these arguments over the value of SCM's crown jewels may have only a tangential bearing on the legal issue of conspiracy to harm those interests. Yet that is presumably what Hanson's lawers have to prove, if the battle is to be won in court.

GM profit rise lower than expected at 24%

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the largest *U.S. car manufacturer, registered a* sharp 24 per cent increase in profits during the third quarter, although *the results were depressed some*what by the aggressive low-interest rate sales incentive schemes in *September*.

The group had been expected to report stronger earnings because *last year's third quarter was badly* disrupted by a strike over a new three-year labour contract. In contrast, it has operated this year at high production levels to cope with the demand created by a promotional campaign.

The company said yesterday, however, that the favourable impact of higher output had been "largely offset" by the additional costs of the incentives, which primarily *offered customers* a 7.7 per cent interest rate on new vehicle *purchases*.

Net income for the quarter amounted to $516.5m, or $1.46 a *share, against* $416.8m, *or* $1.31, in the same period of last year. Sales rose to $22.5bn from $18.5bn.

During the first nine months, net profits slipped to $2.7bn, or $8.24 a share, from $3.6bn, or $11.51, on revenue that rose to $71.7bn from $63bn.

Some Wall Street analysts had been expecting somewhat higher earnings because of the strength of sales and expected gains from foreign exchange. However, while the Detroit-based group conceded that it had been helped by the dollar's fall and record earnings from its credit finance subsidiary, it had to bear extra costs from new investments in facilities

Identity of Elders bid backers sparks row

Continued from Page 1

they were Mr Bob Cowper, a former Elders director, and Mr Richard Wiesener, a former director of an Elders subsidiary. Both live in Monaco and act as advisers to Elders. They are also co-owners with Elders of Windermere Securities, a company through which the Australian group has built up its 6 per cent stake in Allied.

Elders still declined to name the other banks backing the bid but those are understood to be: Bankers Trust, Hong Kong and Shanghai Bank, Dresdner Bank, Paribas, Creditanstalt, the Canadian Imperial Bank of Commerce and the Bank of Nova Scotia.

Hill Samuel, Elders' merchant bank adviser, said that Elders had the "ultimate economic interest" in IXL, since it had call options to buy all the shares in the group.

It said the deal had been structured in that way for three reasons: to keep the debt involved in the bid off Elders' balance sheet; as a precaution against possible Australian tax changes; and because of the nature of a security package that formed part of the deal with the banks.

Elders had taken minority stakes in the IXL companies because it was bound by "negative pledging covenants" that prevent its subsidiaries from making security arrangements with banks as part of any financing deal.

Hill Samuel said Elders would be obliged to disclose its backers in its formal offer document, due to be published during the next three weeks.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	19	66	Dubrovnik	C	18	64	Malaga	S	24	75	Salzburg	C	4	39
Akrotiri	S	24	75	Faro	S	24	75	Malta	S	23	73	Seoul	F	18	64
Algiers	S	25	77	Florence	—	—	—	Manila	S	31	88	Singapore	F	29	84
Amsterdam	S	11	52	Frankfurt	S	10	50	Miami	C	29	84	Stockholm	S	9	48
Athens	S	20	68	Funchal	F	24	75	Milan	—	—	—	Strasbourg	C	5	41
Bahrain	S	29	84	Geneva	C	10	50	Moscow	C	8	46	Sydney	S	21	70
Bangkok	R	29	84	Gibraltar	F	22	72	Munich	Fg	3	37	Taipei	R	24	75
Barcelona	—	—	—	Guernsey	F	14	57	Nairobi	F	25	77	Tangier	—	—	—
Beirut	C	26	79	Helsinki	C	11	52	Naples	—	—	—	Tehran			
Belgrade	F	15	59	H Kong	S	26	79	New Delhi	S	28	82	Tel Aviv	S	29	84
Berlin	S	12	54	Innsbruck	S	11	52	New York	C	17	63	Tenerife	—	—	—
Biarritz	F	20	68	Inverness	Fg	6	43	Nice	S	20	68	Tokyo	S	19	66
Blackpool	S	13	55	Istanbul	F	17	63	Oporto	S	21	70	Toronto	C	12	54
Bordeaux	F	17	63	Jersey	C	13	55	Oslo	F	15	59	Tunis	F	22	72
Brussels	S	9	48	Jo'burg	F	24	75	Paris	S	11	52	Valencia	—	—	—
Budapest	S	14	57	Las Palmas	—	—	—	Prague	C	7	45	Venice	—	—	—
B. Aires	R	19	66	Lima	C	19	66	Reykjavik	R	11	52	Vienna	S	13	55
Cairo	S	27	81	Lisbon	S	22	72	Rio de J'o	C	31	88	Warsaw	C	7	45
Cape Town	F	18	64	Locarno	S	13	55	Rome	C	16	61	Zurich	C	7	45
Caracas	R	28	82	London	S	15	59								
Casablanca	F	24	75	Los Angeles	S	20	68								
Copenhagen	C	12	54	Luxembourg	S	10	50								
Corfu	C	20	68	Madrid	S	23	73								
Dublin	C	12	54	Majorca	C	22	72								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Chemistry keeps alive Club of 47

Continued from Page 1

interest in maintaining good relations with countries such as Nigeria and Zimbabwe, to say nothing of the developed members such as Australia, Canada and New Zealand.

The prospect that most of Britain's partners would issue a separate communiqué on sanctions was instrumental in persuading Mrs Thatcher to make her small gesture *of banning the import of Kruger*rands and suspending the funding of trade missions to South Africa. It seems more than likely that she was worried by the effect on her domestic public opinion that such an isolation of Britain in the Commonwealth would have.

The pressures on countries to reach agreement are, therefore, considerable and are the cement that keeps the edifice from collapsing. The association's other activities, such as the Commonwealth Fund for Technical Co-operation (CFTC), which is *scheduled to* spend $38.7m in 1985-86 on projects to help the developing members, *are no doubt very worthwhile. But* they would not, by themselves, keeping the association in being.

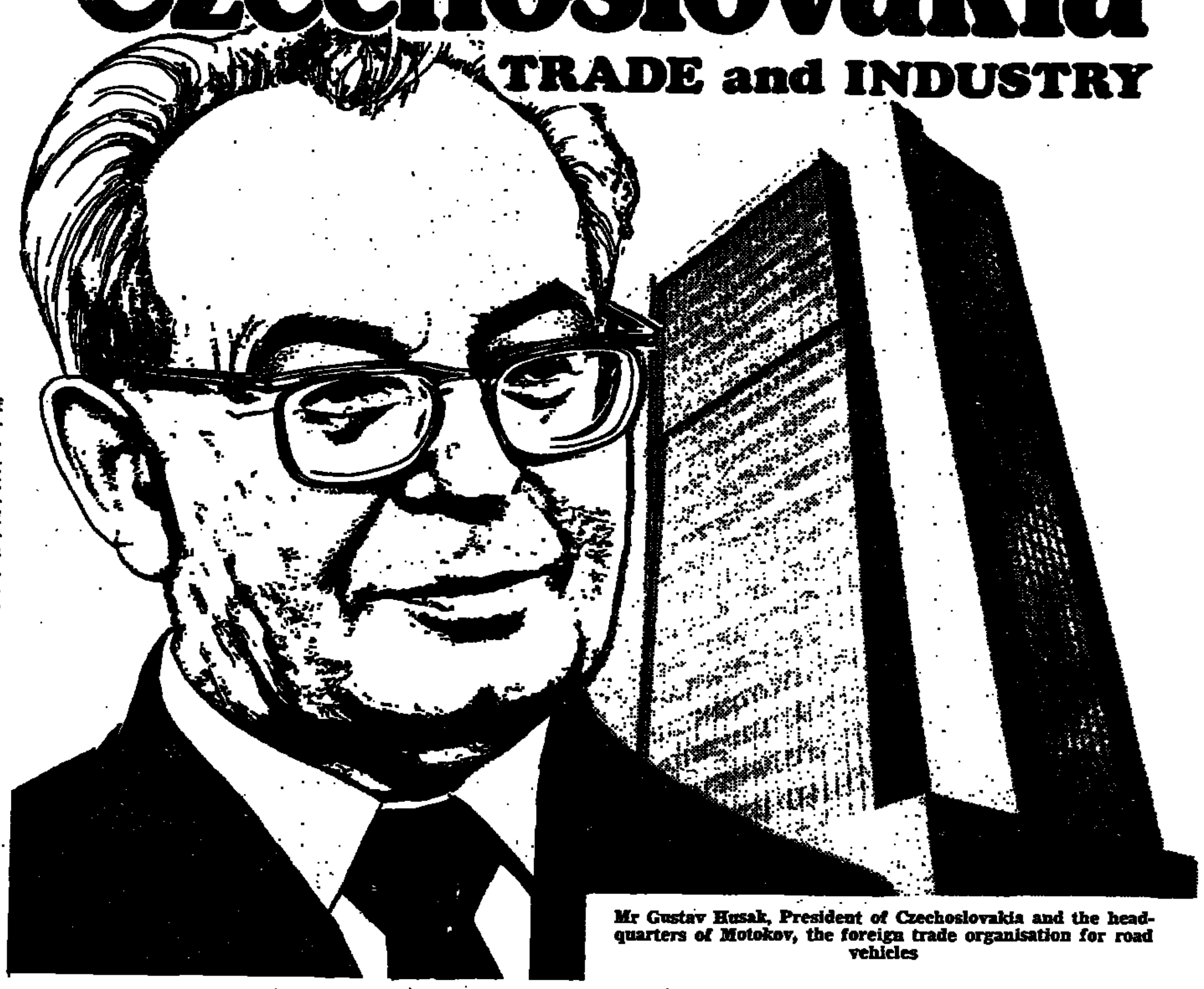
It is the much-criticised "talking shop" provided by the heads of government meetings that keeps the association going. Whether the resolutions passed at such conferences have any lasting practical effects has always been questionable. But the fact that more than 40 heads of government usually part after a week of plain speaking with a much greater understanding *and respect* for each other is probably the best justification that can be found for *the Commonwealth's* continued existence.

SECTION III

FINANCIAL TIMES SURVEY

Reform has once again begun to edge into Czechoslovak industrial policy. New opportunities are being sought in the West to balance safe markets within Comecon, and a strong trade surplus is being used to reduce hard currency debts.

Czechoslovakia
TRADE and INDUSTRY



Mr Gustav Husak, President of Czechoslovakia and the headquarters of Motokov, the foreign trade organisation for road vehicles

Less rigid approach to central planning

BY DAVID BUCHAN

STEEL OUTPUT of one tonne a year for every single Czech and Slovak, the pollution eating into the Baroque statues on Prague's Charles Bridge, the wide range of engineering wares spread out to the world at Brno trade fairs, the man-made blight on the forests of northern Bohemia—all mark Czechoslovakia out as a country with a distinguished industrial past and present, at the same time showing some acute symptoms of industrial middle age.

Parallels with Britain are not far-fetched. Czechoslovakia has in Comecon (which takes 75 per cent of its exports) the secure and undemanding market Britain once had in its empire. It still has a heavy industrial and engineering base—covering some 70 per cent of the major product lines traded in the world — that Britain had, before recession, Mrs Thatcher, and EEC integration forced it to specialise.

It has brainpower, but, like Britain, complains that its best inventions often find a home elsewhere, such as the Czech patented soft contact lens developed in the U.S. It faces stagnation in steel, and contraction in the mining of its sulphurous brown coal, of the sort that Britain has recently undergone in speedier, but more brutal, manner.

The only truly catalytic chain of events in Czechoslovakia's post-war history — the Prague spring of 1968, the Soviet intervention, the "normalisation" — retarded, instead of accelerating, change in economic management and policy.

Yet, the glacier is moving again. Four years ago, modest reforms going under the anodyne rubric of "the set of measures," were instituted. Central planning has become less rigid, particularly in agriculture, and closer links have been forged between manufacturers and their foreign markets. So far, however, there has been little success in widening wage differentials (to create incentive) and in encouraging one-man-private businesses (to plug the gap in services).

Just as further reform seemed stalled, for lack of sufficient political weight behind the process in President Gustav Husak's Government, outside pressures for change are asserting themselves. From the West comes the tightening of controls on what Western high technology Czechoslovakia (and other Soviet bloc countries) can buy. This makes it all the more necessary for Czechoslovakia and its Comecon partners to pool their technology resources, and at the same time, to exploit to the maximum the Western know-how that can be obtained.

Thus, Czechoslovakia has this year decided to join the majority of Comecon countries that permit direct foreign investment in the form of joint ventures. It is also pressing Brussels harder than ever to allow more of its glass, ceramic, shoe and other industrial consumer goods into the EEC market — making it likely that, if and when Comecon and the EEC reach a framework political accord, Prague will be one of the quickest to negotiate a bilateral deal with the EEC.

From the East comes a more significant agent for change, Mr Mikhail Gorbachev, whose most signal impact on Eastern Europe so far has simply been to make the idea of reform acceptable. The apparent substance of his reforms—to make central planning more efficient—suits the Husak Government which is not disposed to risk Hungarian-style market socialism.

The style of Mr Gorbachev, with his televised walk-abouts, may jar with that of the staid Prague leadership but, for precisely that reason, it has rekindled a sense of political excitement long lacking among Czechoslovakia's technocrats and youth. Hitherto their attention has been more focused on acquiring imported pocket computers or following the fortunes of their country's tennis super-stars.

These ripples across the political waters, leading perhaps to a gentle wave or two at next March's Communist Party congress, coincide with better economic times since the doldrums of the early 1980s.

Czechoslovakia had no hard currency surplus on its trade with the West to spare when, in 1981-82, it was hit by the general Western credit squeeze on Comecon in the wake of the Polish and Romanian financial crises. It was thus forced to cut imports, which in turn affected industrial output, wages and the standard of living. At the same time, rising prices for Soviet energy and raw materials made it necessary for larger deliveries of industrial and consumer goods to be shipped eastwards in payment.

Recovery from this double disadvantage has been painful, but steady, with national income rising by 2.3 per cent in 1983, and 3.2 per cent last year. This year the same percentage growth is again planned. Much improved harvests, including a record 12m tonne grain crop last year, coupled with a very cautious approach to importing from the West, have pushed the country into sizeable surplus on its hard currency trade — around $1bn in 1983, more than $800m last year and about $550m in the first half of this year.

Only part of these gains have been passed on immediately to the population. Overdue price rises in such staples as petrol and the excellent Czech beer meant that real wages (which fell 2.3 per cent in 1982), increased only by 0.8 per cent in both 1983 and 1984.

Living standards, are high by Comecon standards, food is plentiful and cars are in reasonable supply. Alone among Soviet bloc countries Czechoslovakia lends money to consumers to buy cars (Skodas, of course). This situation has long applied, however. More worrying is that last year's level of domestic absorption of the national income — in other words, total satisfied demand for material goods and services—was still 2.8 per cent below its 1980 peak.

Instead, the trade surplus has been mainly directed towards achieving one of the Husak government's "strategic" goals: reduction, and, in net terms, elimination of, the country's hard currency debt. The exact size of this is a state secret, but Western sources put gross debt at the end of last year at some $3.3bn and net debt (with Czechoslovak assets in western banks and reserves subtracted) at $2bn.

The position has further improved since then, according to Mr Jaroslav Kroh, general manager at the National Bank, who claims that Czechoslovakia "now has higher claims and assets in convertible currency than debts." So, on paper, the country is now a net creditor, rather than debtor, though Mr Kroh admits that some of these paper claims on financially strapped trading partners like Iraq are not easily or immediately cashable.

Czechoslovakia has drawn from the experience of Poland, Romania, and even Yugoslavia, the lesson that it was quite right to be a cautious borrower in the 1970s' East-West trade boom. It has redoubled its caution since then, taking out in the past three years only two syndicated euroloans ($50m organised by Deutsche Bank in 1983 and $100m led by Credit Commercial de France this summer) though all the while it has been using standard bank-to-bank loans and suppliers' credits for trade.

Future borrowing will, says Mr Kroh, depend on the political temperature of East-West relations, commercial terms (currently excellent for such a conservative borrower as Czechoslovakia) and investment at home.

Czechoslovakia is likely to become slightly more active in the Euro-markets in the next five years, because investment will rise to 840bn crowns, slightly above the 1981-85 level.

But just as the State Bank is adopting a tighter monetary policy at home (allowing credit to expand no faster than the

CONTINUED ON PAGE 6

Growth in industrial output in selected sectors (100 = 1948)

	1970	1980	1983
Steel	608	902	909
Engineering/electrotechnical industry	1,414	2,925	3,306
Chemicals/rubber	1,534	3,270	3,481
Construction materials	872	1,486	1.492
Woodprocessing	544	1,027	1,100
Glass, ceramics and porcelain	511	909	961
Textiles	350	554	586
Leather	395	622	643
Food	371	534	552

Source: 1984 Statistical Yearbook.

Higher imports from West will curtail trade surplus

Foreign Trade

LESLIE COLITT

THE RADICAL post-war shift in Czechoslovakia's foreign trade towards the Soviet Union and Eastern Europe accelerated in the current five-year plan ending in December and was accompanied by a corresponding decline in the share of trade with the West.

Between 1981 and 1984, trade with the Socialist countries rose from 72 per cent of Czechoslovakia's total trade to 78.3 per cent of which Comecon's share was 73.5 per cent. The 20.9 per cent share of western industrial countries in 1981 fell to 15.7 per cent by 1984.

Foreign trade officials in Prague, however, say the steep rise in prices for imported Soviet oil accounted for a large part of the growth in Czechoslovak trade with Moscow. The Soviet Union's share of Czechoslovak trade soared from 35.8 per cent in 1980 to 45 per cent last year.

In the first six months of this year the share of the socialist countries in Prague's trade rose further to 80.3 per cent. Trade officials, however, said they expected this to fall as Soviet oil prices levelled off. According to the Czechoslovak officials the 13.3 per cent decline in Czechoslovak imports from Organisation for Economic Co-operation and Development members between 1980 and 1984 was not dictated by any scheme to intensify the country's already powerful links with its eastern trading partners.

They point out that in the second half of the 1970s Czechoslovak imports from the West were on average 20 per cent higher than exports. This alarmed the financially conservative leadership which decided to boost exports instead of increasing borrowing, as was done elsewhere in Eastern Europe.

Imports from the West were to have been kept at their previous level but a combination of factors altered this plan.

The Prague trade officials blame the recession in the West and an "enormous increase" in protectionist measures for the failure to boost exports to the West. This, in turn, made necessary a sharp reduction in imports.

At the same time, they acknowledge that Czechoslovakia's worsening terms of trade with the West as a result of the poor commodity structure of its exports and the inadequate technical level of some of its products were equally important factors.

By rigorously curbing western imports, Czechoslovakia last year managed to produce a \$850m hard currency trade surplus, compared with more than \$1bn in 1983. Mr Jaroslav Kroh, chief manager of the National Bank, said that in the first six months of this year the hard currency surplus was between \$500m and \$600m but that this rate of surplus would not be maintained in the latter half of the year because of a higher level of imports from the West.

Czechoslovakia's three western neighbours alone made up 55.5 per cent of its total OECD trade last year. West Germany, its largest trading partner, accounted for 28 per cent, Austria 13 per cent, and Switzerland 14.5 per cent.

Prague's trade statistics for the latter two countries are somewhat misleading, however, as a considerable portion of the products imported from them come from other western countries and are merely paid for in Switzerland and Austria.

Czechoslovak foreign trade statistics are based on where payment is made and not on a product's country of origin.

Similarly, Czechoslovak goods sold to a Western country in counter-trade are often re-exported elsewhere.

Such distortions occur with most of Czechoslovakia's leading western trade partners, and are a frequent source of confusion. Dr Jan Vinter, a manager of the Czechoslovak Commercial Bank, noted that the important thing was that the total figures for Czechoslovak foreign trade compiled by the OECD and Czechoslovakia were the same.

Western companies exhibiting at the Brno Fair last month said orders from Czechoslovak foreign trade organisations had picked up somewhat, while queries from them had risen. They see the country's need for modern Western machinery and equipment to be enormous, but expressed doubts that the economic planners were prepared to pay the price; that is, to increase, significantly, borrowing for such purposes.

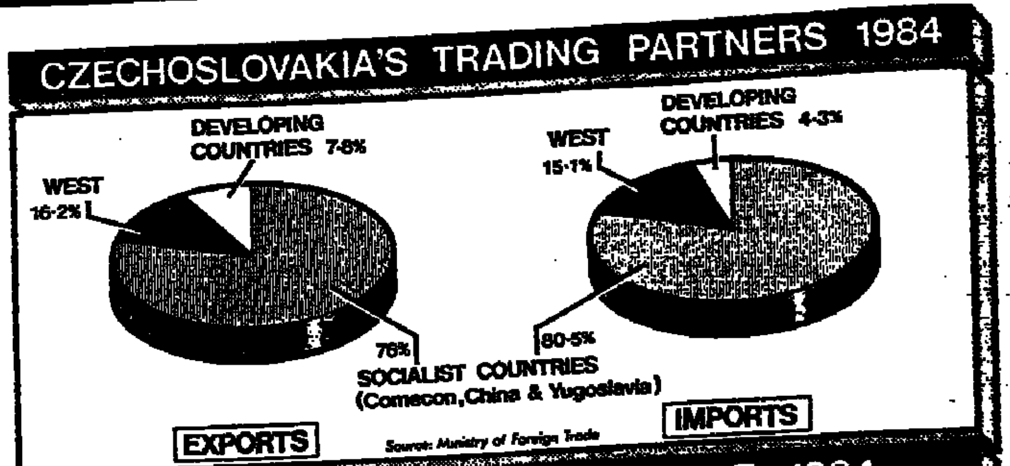
While Czechoslovakia has specified priority areas, such as the engineering industry, which are to get increased western imports of electronics, only a sector of the industry, like machine tools, will actually get the larger volume of imports. This, in the view of western trade counsellors in Prague will make it difficult to do more than plug holes.

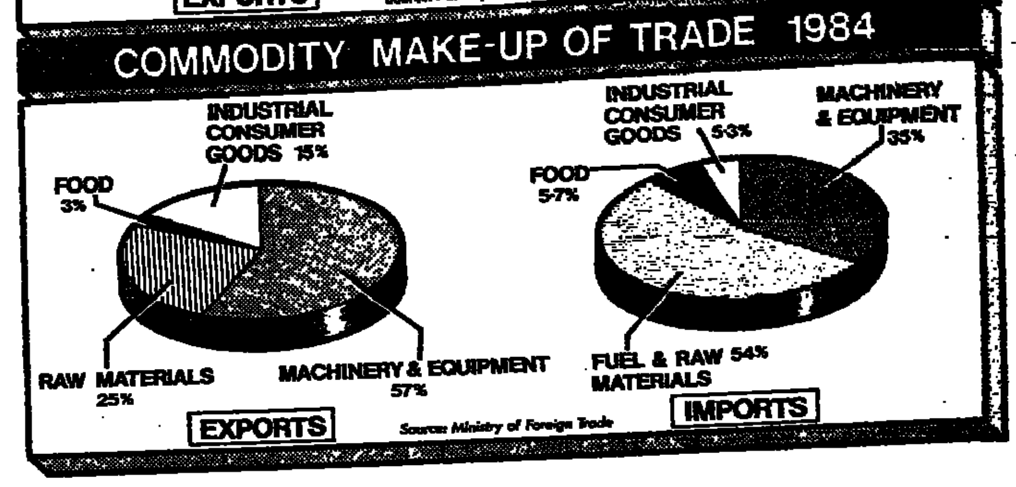
The first deputy Minister of Foreign Trade, Mr Frantisek Langer, confirmed in Brno that, although Czechoslovakia had larger sums of money to buy western machinery and equipment, it would remain "very discreet" in its investments.

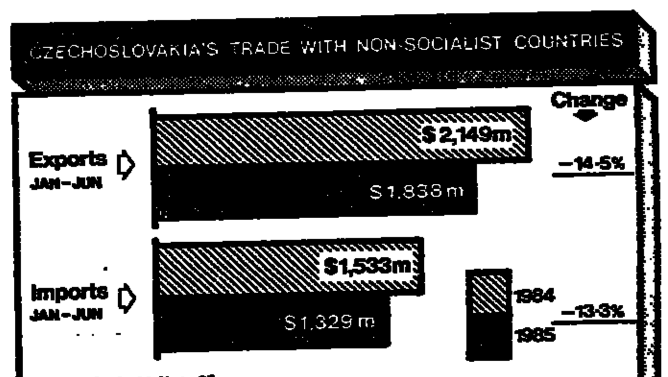
"We want to remain trustworthy partners," he noted, "promptly fulfilling all our financial obligations. also in the future."

Although Czechoslovakia's foreign debts are to be virtually eliminated by next year, trade officials in Prague still speak of a need to reduce debts while noting that the level of imports from the West, as in the past, will depend on exports.

The problem here is that 57 per cent of Prague's exports to OECD members last year consisted of fuels, raw materials, metals and chemicals, while only 10 per cent were made up of the machinery and equipment in which the country specialises.







By comparison, 60 per cent of Czechoslovakia's exports to socialist countries consist of engineering goods. While efforts are being made to improve the competitiveness of Czechoslovak machine tools and textile machinery in the West, quick progress is not expected.

Czechoslovak foreign trade officials repeatedly criticise the the engineering industry for its low level of innovation, slow modernisation, and the insufficient quality and technical level of products, as well as long delivery dates.

Mr Bohumil Urban, the Foreign Trade Minister, cautioned recently that Czechoslovakia must concentrate on advanced technology as several other Comecon countries were now capable of producing "average" engineering goods and expected sophisticated products from Czechoslovakia.

In recent years, Prague has actively sought co-operation with western companies in third markets, especially the Middle East, where it has achieved some success. The Technoexport foreign trade organisation completed the second stage of an oil refinery at Sallahudin, Iraq, last year, with a French company in which the Czechoslovak share was \$110m.

Technoexport is completing the fourth stage of the Homs refinery in Syria with Union Oil Petroleum, participation which is said to be earning Prague \$145m. Building on their experience as a transit country for Soviet oil and gas, the Czechoslovaks are constructing a gas pipeline in Syria worth \$133m for which Ingersoll-Rand is supplying the compressors.

At the same time, the U.S. company is buying \$10m worth of compressor components from the CKD company in Prague.

Technoexport is bidding with Western companies to build a \$70m pipeline from Bombay to Delhi, as well as to construct six fertiliser plants in India. Earlier this year, the Czechoslovaks built a 20-kilometre stretch of oil pipeline in Syria for Pectin of the U.S. and, as a result of this, are bidding against western competition to build a 100 kilometre oil pipeline in Eastern Syria.

Technoexport is hoping to be chosen as the general contractor for a coal gasification project in Greece, which it says will be worth \$170m to Czechoslovakia. In China it is bidding, together with Lummus of the U.S. on a SwFr 70m coal gasification project in the Lanzou area.

Although the share of the developing countries in Czechoslovak trade fell from 7.2 per cent in 1981 to 6.5 per cent in 1984, they contributed the lion's share of Prague's hard-currency trade surplus, \$600m last year.

At the same time, they are exerting strong pressure on Czechoslovakia to increase purchases of their manufactured products, including machinery, demands which Prague is finding it difficult to satisfy.

Coordinated attack on foreign markets

Advertising

DAVID BUCHAN

"WE FACE some competition," says Dr Miroslav Hedbavny, director of Rapid, Czechoslovakia's leading advertising agency. In promoting foreign goods on the Czechoslovak market, Rapid has to contend with the curiously named "Made-In Publicity" organisation (set up in 1964); while since 1969 Rapid has had some rivalry, in the promotion of Czechoslovak goods abroad from Incheba of Bratislava.

Merkur and other agencies promote purely local products on the local market. There is thus, in advertising terms, more pluralism in Czechoslovakia than any other east European country except Hungary.

Rapid, however, is the oldest agency (created in 1945 originally as a private company) and still the largest, with one-third of the industry's annual £20m turnover, 270 full-time employees and many more part-time translators and photographers.

It is the only agency that promotes both foreign and Czechoslovak products, though Dr Hedbavny says its main function is to push the country's own exports. It does this in two ways—by advertising in foreign media, organising exhibits abroad like the forthcoming Czechoslovak Days in London, and by publishing 12 specialised foreign trade magazines, with a total circulation of nearly 2m in various languages.

"But there is also a certain co-ordination between our agencies, because we do not want to compete against each other on foreign markets," adds Dr Hedbavny. The co-ordinating is done by the foreign trade ministry, which has a small professional advertising department for the purpose.

Enterprises are also limited by their annual plans as to how much they can spend on advertising—the general rule is 4-8 crowns for every 1,000 crowns of exports. It can be more however.

Because three quarters of exports go to socialist countries, with little or no advertising, more money can be spent on promotion in western markets. Essentially, Dr Hedbavny says, the planners leave it up to the individual enterprise to decide, within its total allowance for overheads, how much it wants to spend on promotion.

Seeking to demolish barriers

Economic Reform

DAVID BUCHAN

ONE PARTICULAR goal of economic reform has been to try to make manufacturers more responsive to foreign markets. Like other Comecon countries, Czechoslovakia has found that the existence of foreign trade organisations (FTOs), each with its monopoly on trade in a certain sector or product-line, and with accumulated commercial knowledge and marketing skills, has tended to isolate producing enterprises from the markets they are supposed to be serving. So, like many of its Comecon partners, Czechoslovakia is seeking to break down these barriers between producers and traders.

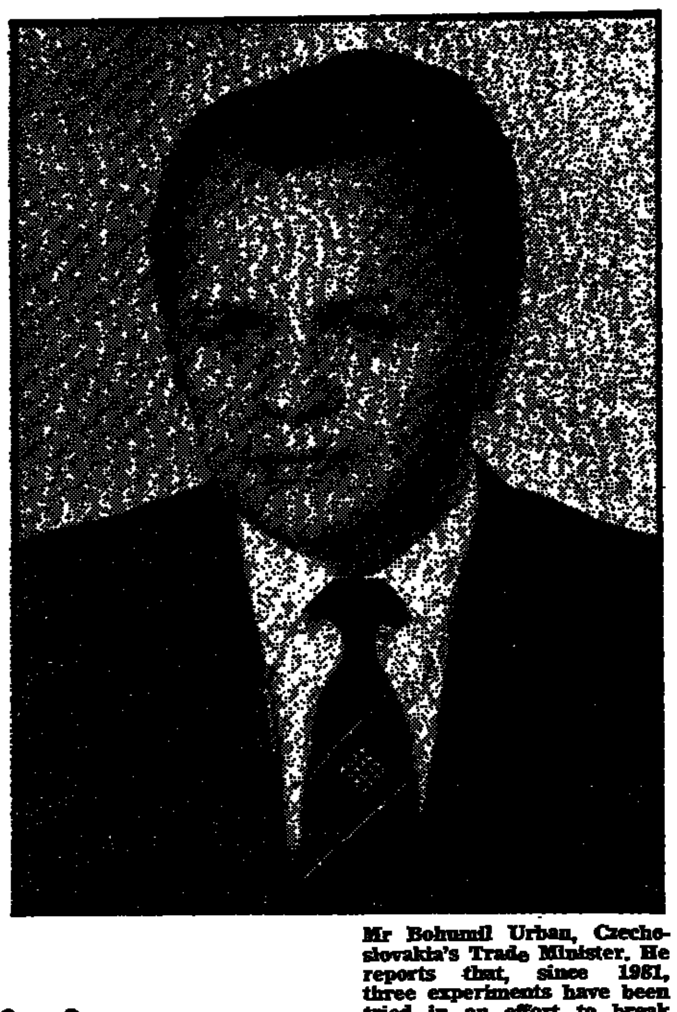
Since 1981 three experiments have been introduced with "mixed results," says Mr Bohumil Urban, the Trade Minister:

● Producing enterprises in certain sectors using mainly local materials, such as glass, ceramics and costume jewellery, have been allowed more say in how their goods are sold abroad and at what price. They have also been permitted to use a higher percentage of their profits to pay bonuses to workers. Three years of experience has shown "very good results," Mr Urban says. The scheme will be extended to other sectors processing local materials for export, in particular wood, furniture, paper and pulp.

● Two FTOs have been more closely linked with three producing enterprises—the Kovo electronics trading organisation with that part of the big Tesla enterprise that makes laboratory and measuring equipment at Brno, and the Motokov vehicle trading organisation with the Skoda car enterprise and the Agrozet enterprise at Brno which makes tractors and agricultural equipment. Mr Urban says this has improved the manufacturers' knowledge of the world market and their price competitiveness against foreign opposition. But the minister states that this experiment exerts "unsatisfactory" pressure on the FTOs, and that he is still looking for a better formula.

● One producing enterprise, Sigma, a noted maker of pumps and pipes, has been given the right to conduct its own trade directly through a new organisation, Intersigma. The results over the past three years have not been good. But Mr Urban admits this may just be because of the general world stagnation in engineering goods. So Intersigma is being given a further two years to prove itself.

The trade minister says some other forms of integration between producer and FTOs are now under preparation. Czechoslovakia may end up with a hybrid system, reflecting widely differing conditions in different sectors. "Form is of secondary importance," says Mr Urban, "what is important is the motivation of people and incentives."



Mr Bohumil Urban, Czechoslovakia's Trade Minister. He reports that, since 1981, three experiments have been tried in an effort to break down barriers between producers and traders. They have had mixed results.

Model of impressive efficiency

Slusovice Collective

MARK MEREDITH

IF YOUR car breaks down in Czechoslovakia these days, a passer-by may quite likely suggest you take the vehicle to Slusovice, a collective farm in Moravia about 220 miles east of Prague.

Slusovice (pronounced Slooshovitsa) is something of a national curiosity: a model of impressive efficiency and good management in some contrast to much of the rest of the economy. The passerby really means that only there are you likely to get the kind of service you really want.

In this co-operative farm is the acceptable face of reform in the deeply conservative political setting of Czechoslovakia. Within the relatively safe preserve of agriculture is an enterprise coming up with new ideas and offering other parts of the economy a lesson in how to run things.

Slusovice is not only a collective farm. It also produces its own IBM compalible computers has a biotechnology company, sells farm machinery and runs one of the most modern horse-race tracks in the country.

An aggressive management under Mr Frantisek Cuba has used the big agricultural base of the farm to diversify into a number of other areas. In an economy with a lot of vertical industrial specialisation, such as electronics and heavy machinery, here is a body moving horizontally against the trend.

Like other co-operative farms in Eastern Europe, Slusovice is huge by western standards. It has 5,500 hectares and employs 3,200 people. Much of its success has been by default. If a product or a service is not available or is below standard, the management undertakes to generate it locally.

"Whoever produces the goods should be the one who does it better, "cheaper and faster," according to Dr Frantisek Trnka the economic director of Slusovice. The approach seems to be successful in bringing technology in where it is needed, bypassing bureaucracy and responding to local initiatives.

"There should be 100 Slusovices in Czechoslovakia," he adds.

The incentives to workers are not just improved pay based on results but also the benefits of a local infrastructure that seems to really work in terms of services.

The co-operative's production is well above the national average for agriculture, and output today is over 2.6bn crowns (\$383.3m). Workers from the farm, where some cowsheds were recently built in record time, were taken to Prague to set an example when a construction project needed some urgent attention.

At a factory next to the racecourse, the co-operative produces computers for the agricultural sector. Its own software for the IBM—compatible computers has also been used for other industries according to Mr Miroslav Kubik, the plant director. The work produces about 1,000 computers a year, and Mr Kubic says, there is national demand for 20,000 a year.

The co-operative worked out the record-keeping system for Czechoslovak television's sports coverage.

Slusovice's management must cause some shivers in other parts of the economy. Managers at the farm are regularly assessed on their performance. Their actions are judged on a points system of one to five, covering their achievements in introducing innovations, the way they run their units and the output and working conditions of the employees working under them.

Under-achieving managers are removed to less demanding jobs, and new talent is brought in.

Emphasis placed on mechanisation

Agriculture

MARK MEREDITH

To encourage mechanisation on Czechoslovak farms increases in fuel costs have not been passed on to farmers

THE Czechoslovaks look like a well-fed people. Meat is on the table at almost every meal; fruit and vegetables, although in no great variety, are available and queues in the food shops are not long.

The industry behind the dinner table is getting into full stride and the first phase of collectivisation into agricultural co-operatives and state farms has long been complete. Today most effort is concentrated on improving mechanisation.

Collectivisation has radically changed the nature of farming, reducing 500,000 farms in the late 1940s to just under 3,000 today. These are huge farms by western standards—5,000 hectares on average—and many with fleets of 100 or so tractors and scores of combine harvesters.

The industry employs around 890,000 people and has a turnover estimated at 114.2bn crowns (£6.9bn).

Czechoslovakia is a net exporter of foodstuffs. A landlocked country with a temperate climate, it needs to import goods like seafish, citrus fruit, coffee and tea.

But self sufficiency has increased with three excellent grain harvests — 11m tonnes in 1983, a record 12m in 1984 and an estimated 11.5m tonnes this year.

The country is self-sufficient in meat and exports commodities such as Prague ham.

Improving quality and output has been a struggle. A report to the United Nations Economic Commission for Europe this year reported that price rises have not just been aimed at covering cost increases but to provide incentives for improved farm performance.

A restricted amount of private sales of food is permitted. In several places in Prague, farmers sell vegetables and fruit within set price ranges. According to Dr Krecek, about 5 per cent of agricultural land under cultivation is in private hands.

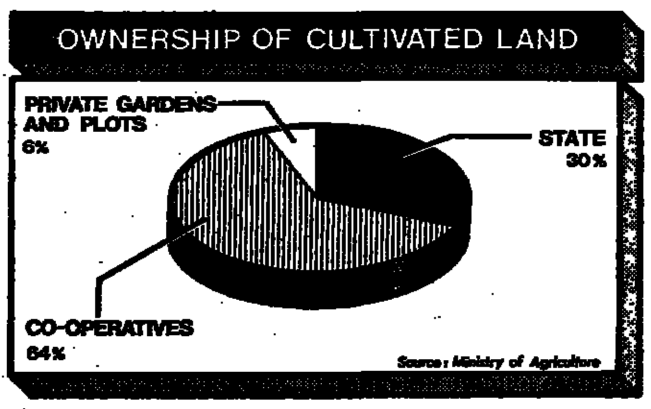
To encourage mechanisation, increases in fuel costs have not been passed on to the farms.

Czechoslovakia has a strong tradition in farm equipment. Problems are in areas of highly specialised equipment. The more specialised these problems the less likely they are to be solved with large production runs of equipment produced within Comecon for the eastern European market.

Czechoslovakia has problems obtaining fruit and vegetable-handling equipment, and these are areas which offer some opportunities to Western producers.

The overall prospects for this trade will be limited, however, as Czechoslovakia will be unwilling to spend Western currency if it can avoid it. It may look for co-operation agreements under which it will import equipment in exchange for parts or goods of equal value. Only a small number of Western licences have been awarded due to a policy aimed at retaining a zero foreign exchange debt.

Special potato-picking equipment is needed to cope with the large number of stones. Fruit-picking and handling machines are also required.



Large equipment has been developed for the vast state and co-operative farms, which is not suited for export to smaller western European farms. Because of freight costs, the more obvious market in the U.S. and Canada has only just been developed.

The Zetor tractor, long a strong export for Czechoslovakia, has stood up well in the West in spite of an overall drop in demand, according to Mr Lubomir Tvardik, export manager for tractors at Motokov, the state trading corporation. Exports are running at about 25,000 tractors a year with Iraq the main market. Britain is in second place.

There has been increasing anxiety over the possible damage to the environment from agrochemicals. An unpublished report by the Czechoslovak Academy of Sciences commissioned last year by the Government warned of the dangers of excessive use of chemicals.

The Ministry today says that the level of artificial fertilisers and chemicals is limited and well below those of other eastern European countries.

Beer

Talks on overseas production

Beer is one of Czechoslovakia's best-known products. But how many drinkers know that pilsner means beer made in Plzen or Pilsen in Western Bohemia.

While Czechoslovakia has a highly successful export in its Pilsner Urquell, it has fought unsuccessfully to stop producers in the West calling their beers pilsner. Another well-known beer export, Budweiser Budvar beer from the town of Ceske Budovice has met a similar fate.

The Western beer trade has thought that Czechoslovakia's attempts to protect its beer exports meant it would be reluctant to grant foreign production licences. After all, the Czechs explained that only with the correct zatec hops, the right soft water and the manually controlled beer production could pilsner be made as it is in Plzen.

Some of that is about to change. Negotiations have been underway between one of the state trading corporations and the Canadian brewers Labatts for what will become the first foreign licensed production of a Czech beer in the West.

Mr Vaclav Husak, general manager of the brewery federation in Czechoslovakia, was optimistic about the outcome of the talks.

The beer, as yet, has no name. According to Mr Husak, trading conventions will prevent the use of a Czechoslovak place name. But the country is rich with national heros and other possible sources for the name of the brew that Canadians may soon taste.

If negotiators from Prague have their way, the Canadian brewers will import the raw materials for the beer. As the bottom line, the Czechoslovaks insist that they have the final say about the technology used for the brewing.

Other foreign licences could follow, according to Mr Husak. But export of nearly 40 types of beer will continue. Pilsner Urquell itself is exported to 48 countries.

Mark Meredith

Profile: Mr Miroslav Toman

Aim is to put more on menu

Czechoslovaks need a more varied diet, not a larger one, says the country's well-built agriculture minister, Mr Miroslav Toman.

With three good harvests in 1983 to 1985 and meat consumption this year up to 85 kilograms per head (higher than Hungary's 75-78 kgs per head), "for the first time in many years, we do not want to increase basic consumption further, but we would like to get more fish and vegetables on to the national menu," the minister says.

Recent success in basic farm production has brought a loosening in central government's control over farmers. The Prague planners have set only two targets (meat and grain) for farmers in the 1986-90 plan.

But if the Government is less demanding in terms of targets, it is also less supportive on prices, Mr Toman warns. Guaranteed wholesale prices for main commodities are expected to fall over the next five years, as those for poultry and eggs have dropped (by 20 per cent) this year, and the price of "surplus" food will be determined by the market.

According to the minister, who himself has spent most of his 48 years in agriculture, including a year in the 1960s working on a Danish farm, the countrymen can probably withstand a slight decline in their income relative to townspeople.

The average farm co-operative worker now earns 3,020 crowns a month, above the national average of 2,913 crowns. The increased attraction these days of the countryside is reflected in the applications of between two and five candidates for every one place at the country's agricultural colleges.

David Buchan

Mr Miroslav Toman, Agriculture Minister

Long-term expansion policy

Electronics

MARK MEREDITH

THE EXPLOSIVE force of technological revolution is tightly controlled in eastern Europe. The advantages of computers are clear to the Soviet Union and its allies, but the priorities given and the approach they take to electronics are different to those of the West.

A country like Czechoslovakia will take a long-term view of electronics, writing its development into the five-year plan. It will see the introduction and application of electronics in terms of efficiency but not in jobs saved. These countries are commited to full employment.

Electronics in eastern Europe lags behind that of the West but the systematic approach has advantages. It helps avoid some of the catastrophic false starts and market failures of this volatile market in the West.

Eastern Europe is developing its own computer industry at its own speed. Much is based on the developments in the industrialised West and Japan. But it is the planners more than the market which call the tune.

The computer industries are partly insulated against the West, but it is not only the gyrations of the Western market that worries the East. The West's ban on exports of certain types of high technology has also made the eastern bloc anxious to protect itself.

Until recently, for example, personal computers could not be exported to the East. A lively trade developed among Western companies smuggling bits of equipment to the East, but whole computer industries could not be based on this kind of traffic.

The latest revisions of Cocom, the Paris-based body of Western nations which agrees on what technology is exportable to the East, have made some things more liberal. But many types of software are banned. Software restrictions are easy to by-pass but the chances are it will confirm the East's view that it must set its own pace and, as much as possible, use its own technology.

Czechoslovakia is developing computers largely in the micro to mini range. This is its speciality, agreed with its partners in Comecon, the eastern European trading group. The Soviet Union, for example, is developing the largest generation of mainframe computers.

To develop these computers, the Ministry of Electrotechnical Development has as its top priority the generation of an effective spares supply. This ensures computer development and no last-minute rushes into the Western market for expensive equipment which could be produced at home.

Alongside its three types of SMEP computers, the Czechoslovaks are spending a lot of attention on dedicated equipment. Instead of adapting ready-made computers to various industrial applications, specific computerised systems are developed. This approach differs from the West, where the computer industry has paid less attention to dedicated equipment and more on adapting existing types of computers.

The ministry oversees seven concerns: the Zavt factory which manufactures IBM-compatible computers and automation equipment; the ZSE enterprise, for high voltage equipment; Chirana for medical technical equipment; and four branches of the big Tesla concern. One covers robots and telecommunications and instrumentation, another measuring and monitoring equipment, a third semi-conductors and a fourth consumer electronics including televisions.

The ministry is backed by three research institutions studying communications, mechanisation and automation, and high voltage controls.

The problems, according to Mr Ivan Malec, assistant to the minister in the electrotechnical ministry, have come in some of the peripheral equipment needed to development computers.

Some types of disk drives are hard to come by in the East, and Czechoslovakia has had some difficulty with a poor quality disc system from Bulgaria in its computers. This is a typical area among peripherals where trade with the West may be sanctioned until the equipment is developed within Comecon.

Mr Malec said export restrictions from the West have limited the size of Winchester disk drives to 70 megabytes when producers have wanted a larger size.

Coal production at record level as nuclear plants are delayed

Energy

LESLIE COLITT

THE FIRST priority of Czechoslovakia's planners in recent years has been to alter the country's energy balance away from coal and oil and toward gas and nuclear energy.

Nevertheless, the country last year produced a record 103m tonnes of lignite or brown coal, a record it would prefer not to have set. The Government had planned to begin reducing output of lignite, used to fuel the country's conventional power stations, because it is highly polluting and increasingly expensive to mine.

But delays in the construction of nuclear power stations forced production of an added 4.5m tonnes of lignite. This year the output target for this sulphurous low energy coal is 99m tonnes as additional nuclear power capacity comes on stream.

Nuclear power accounts for 15 per cent of total electricity generated (8.5 per cent last year) according to Mr Vlastimil Ehrenberger, the Minister of Fuel and Power.

Four Soviet-designed VVER 440 MW pressured water nuclear reactors are currently in operation at the Jaslovske Bohunice station in Slovakia and the first reactor at the Dukovany station in Moravia became operational last month.

Czechoslovakia's ambitious nuclear energy programme has run up against several of the same problems which beset its Western counterparts. Delays of up to three years were partly the result of the introduction of added safety measures after completion of the first Czechoslovak nuclear power station in 1978.

Mr Oldrich Vales, deputy general manager of Skodaexport, which delivers Czechoslovak-built nuclear reactors and peripheral equipment to other East European countries, emphasised that none of the delays was a result of the nuclear co-operation with Moscow.

Apart from the Soviet Union, Czechoslovakia is Comecon's only producer of nuclear reactors and secondary equipment. Mr Vales noted that a "principal change" was made in the nuclear power plants to greatly increase their safety and that this had meant "more work" than in the original version.

A former official of the Czechoslovak Ministry of Construction, Mr Jan Svoboda, recently criticised the entire approach to constructing nuclear power stations in Czechoslovakia. He said further problems are being encountered in the construction of the Temelin nuclear station in Southern Bohemia which is to have four Soviet-designed, but Skoda-built, VVER 1000 MW reactors, and is to be commissioned in the 1990s.

> Energy costs for industrial users are expected to rise, but the Government is likely to continue to subsidise the price of household heating fuel.

Mr Svoboda said it was a mistake that an independent state body had not been placed in charge of building the nuclear power plants. As a result, decision making was fragmented because there was no overall director of operations.

The Czechoslovak Prime Minister, Mr Lubomir Strougal, said in a speech opening Dukovany that the builders of the power station had pledged to eliminate the present delay in the construction of a second reactor and put it into operation by the end of next March.

Mr Strougal also noted that as a result of "shortcomings in planning and management" and in securing supplies, construction dates for the nuclear plants were "frequently put back" with an accompanying growth in investment costs. (It costs Kcs 12.2m to construct each megawatt of a nuclear power station, compared with Kcs 7m for a conventional power plant.)

This growth, he said, resulted from "ineffective" construction because of inadequate preparation and the bad organisation of work. However, Mr Jiri Becvar of the Ministry of Energy's nuclear department claimed that the construction delays of the past two years had now been overcome.

By 1990, when Dukovany will have four completed reactors and the first reactor at the Mochovce station in Slovakia is ready, Czechoslovakia is to produce one-third of its total electricity from nuclear energy, according to Mr Ehrenberger.

By the year 2000, nuclear power is to account for between 55 per cent and 60 per cent of total power generation.

Consumption of oil is to be reduced from the current 16m or 17m tonnes annually, nearly all of it from the Soviet Union. This is primarily to be achieved by eliminating its use in heating plants and by electrifying the country's railway system.

The share of oil in primary energy consumption by the year 2000 is to drop from 22 per cent to 13 per cent, while natural gas is to rise from 10 per cent to around 20 per cent.

The increased amount of gas will flow through the three pipelines carrying Soviet gas which run through Czechoslovakia to the West and which earn the country transit fees in the form of gas. A fourth pipeline is now under construction. Meanwhile, domestic gas output is to be increased from 750m cubic metres last year to 1.3bn cubic metres.

Per capita consumption of primary energy, which is considerably higher in Czechoslovakia than in comparable Western countries is largely to be reduced by structural changes in the economy.

Branches of industry with a high unit consumption of energy are receiving fewer investments than those with lower consumption. Along with Government directives to industry to reduce energy consumption, there was also a price rise last year of more than one-third in the cost of electricity for producers, along with hefty price increases of between 20 and 60 per cent for coal, coke, oil and gas.

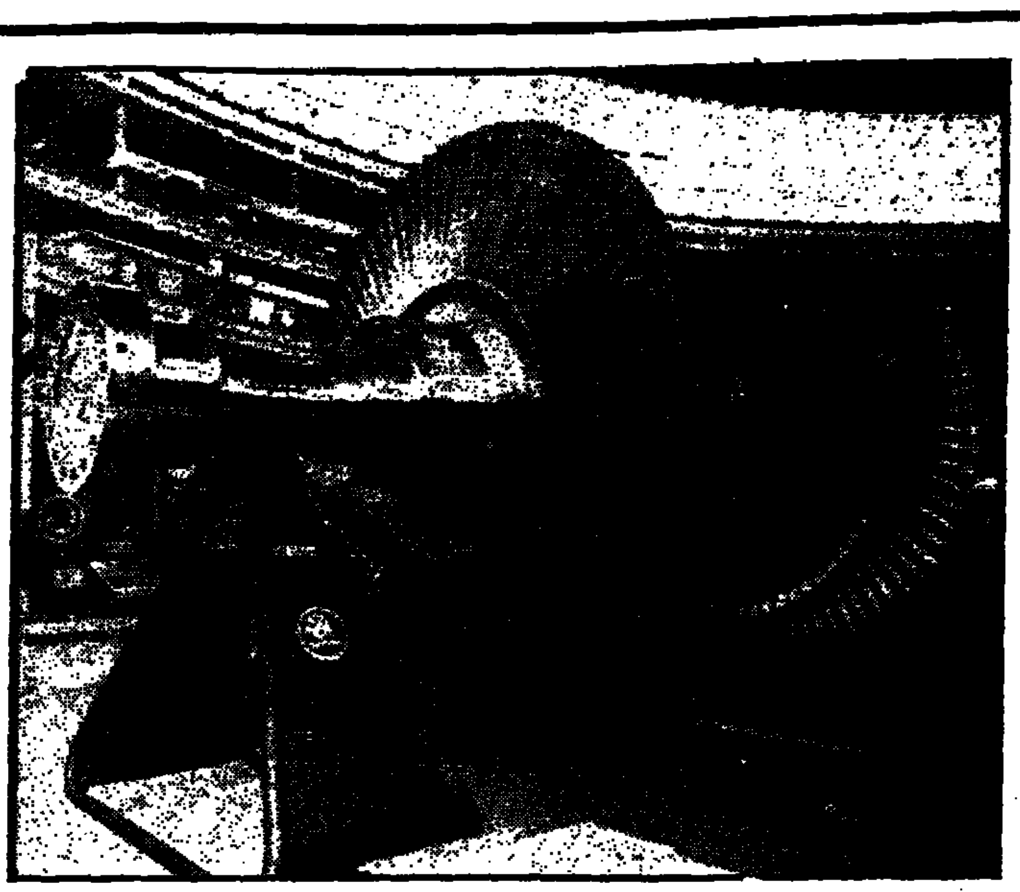
Despite such adjustments, Mr Vaclav Vesely of the Ministry of Energy said there was little relationship between the price of energy and the cost of producing it. While industrial users can expect to pay more in the future, the Government is likely to continue subsidising the price of household heating coal, which was raised 50 per cent a few years ago along with electricity rates, but which is still very low.

Although new apartment buildings have improved insulation standards and installed radiators which can be shut off, little is being done to eliminate waste of heat in older buildings. Radiators there run full blast all winter and windows must be opened to regulate the temperature.

A representative of a Western company producing electronic controls for heat circulating pumps said the pumps used in Czechoslovak buildings—and in most of Eastern Europe—run 24 hours a day and cannot even be manually adjusted to save energy.

Electricity consumption last year rose 3.1 per cent compared with a goal of 1.9 per cent. Industrial users took 2.3 per cent more and households 6.8 per cent. Consumption in the first half of this year rose 3.9 per cent over, compared with the corresponding period last year, while the growth target was only 1.8 per cent.

Industrial users were responsible for a 1.9 per cent rise, while household use soared 9.1 per cent, largely because of the long hard winter.



Skoda low-pressure rotor of a 200Mw turbine for nuclear power stations

Set to lift export profits

Heavy Engineering

LESLIE COLITT

ALTHOUGH THE name Skoda, is normally associated in the West with Czechoslovak cars it is the country's largest heavy engineering enterprise. Skoda manufactures everything from sugar factories and steel rolling mills to conventional and nuclear power stations.

This wide range of plant and equipment produced by the heavy engineering industry is both a source of pride to Czechoslovaks and an acknowledged sign of weakness. The goal in coming years is to specialise increasingly in those products which are the most profitable to export.

The heavy engineering industry exports two-thirds of its output, and one-third — including rolling mills, foundry equipment and locomotives — goes to the Soviet Union. Another one-third is for the other Comecon countries and the remainder goes to the non-Socialist world. Of this, the developing countries, where Prague earns a high proportion of its foreign currency, take 60 per cent.

Last year, Skoda delivered a rolling mill to Iran and earlier this year another mill went into operation in Turkey. A Skoda-built rolling mill is also nearing completion in Nigeria.

Increasingly, Czechoslovak heavy engineering companies are co-operating with western companies on projects in the developing countries, especially the Middle East. Skodaexport has a co-operation agreement with Davy McKee for joint supplies of equipment and complete rolling mills to third markets and has a licensing agreement with Alsthom — Atlantique to produce jointly complete power stations for third markets.

While 80 per cent of Skoda's thermal power stations are sold to non-Socialist countries, its nuclear power engineering equipment is produced solely for the Comecon market. Skoda is the only East European company to build VVER 440 megawatt reactors under licence from the Soviet Union and is committed under a multilateral Comecon agreement to supply reactors and other nuclear equipment to Comecon partners for their nuclear energy programmes.

The heavy cost of building a new plant to produce reactors was entirely borne by Czechoslovakia which is paid the customary Comecon price for exported reactors. The price is based on a sliding five-year average of world market prices.

Mr Oldrich Vales, deputy general manager of Skodaexport's nuclear division, said the company was not being "overpaid" for the reactors it sold to Eastern Europe but that the margin of profit did enable it to invest in new production.

By 1987, he noted, Skoda would complete its first VVER 1,000 megawatt reactor under Soviet licence which would be delivered to Bulgaria. At present, Skoda is producing three reactors a year which now account for one quarter of Skodaexport's business.

Hurdles to be overcome

Importing

MARK MEREDITH

IMAGINE YOURSELF the technical director of a state textile concern in Czechoslovakia, convinced that you need a western computer. It is not going to be easy. The entire system will work against you. Only the stoutest determination will overcome the hurdles ahead.

Between you and your western computer stands the Government's deep resolve not to spend hard western currency unless necessary. But more than that, the system is rigged to give every opportunity to Czechoslovakia's computer industry and to encourage the application of homespun electronics.

Step one: you must convince your boss that only this western computer will do the job and that you will need to spend, say $50,000 on a mini-computer system.

Step two: the industry ministry which covers textiles will need to approve your proposal. Civil servants will examine how this purchase fits in with other investments in the five-year plan.

Your allocation will have to come out of precious resources of hard currency and there will be no taking dollars from the separate regular materials procurement budget.

Step three is the really tough bit. The Ministry for Electro-technical Development will want to know if there is a Czechoslovak computer that will do the job. It will also take a long view about the applications of electronics in the textile industry.

If no Czechoslovak machine is suitable, what about the Hungarian model produced as part of the division of specialisations within the Comecon countries? It will not require dollars to buy.

Step four: in the background to all this is a powerful government commission called the SKTIR which looks at such investment in a still wider context. The state bank, the Electronics Ministry adn even the Defence Ministry may also have recommendations—and they are not to be quibbled with.

Step five: the home stretch. Only the authorised importer for such equipment, the communications office, can make the purchase in the West. This department is under the powerful Ministry of Foreign Trade, where again East-West trade negotiations and hard currency expenditure are closely scrutinised.

You are nearly there. Perhaps you have friends in high places.

But as a final thought are you sure that the West allows the export of that type of computer? It may, after all this, be one of the technological goods the West fears might be turned into weaponry and cannot be bought.

Increase in research

Chemicals

LESLIE COLITT

THE CZECHOSLOVAK chemicals industry conducts a considerably larger share of its business with the West — between 35 per cent and 40 per cent—than is the general rule in Czechoslovak industry.

Chemapol, the foreign trade organisation for chemicals, has an annual turnover of between $10bn and $15bn, making it the largest FTO (foreign trade organisation) in the country. Its share of total Czechoslovak exports is about 7 per cent and roughly 21 per cent of imports, although the latter figure has been bloated by the sharp rise in prices for Soviet crude oil used in the petrochemical industry.

The chemicals industry has not been slated as a priority area for investments in the coming five-year plan. Construction of new projects is to be kept to a minimum, while the production and export of less energy-intensive products is to be raised to 43 per cent by 1995 compared with 21.5 per cent at present.

Research and development are to be improved A recent Government resolution said there is to be greater scientific and technical co-operation with the other Comecon countries, above all with the Soviet Union, and "maximum exploitation" of licence purchases from the West and co-operation with western companies.

Currently bulk chemicals make up 55 per cent of sales to the West with the remainder consisting of final and semi-final products. The goal is to increase the proportion of the latter, which make up 75 per cent of exports to Comecon.

Mr Vaclav Volf, deputy general director of Chemapol noted that since the oil "crisis years" of 1973 and 1974, Chemapol has concluded five year framework contracts with its western partners. These contracts set out the expected types of products to be traded and the approximate quantities, but not prices. Such Letters of Intent have been concluded with 20 leading European producers, covering about 75 per cent of the chemicals business conducted with the West.

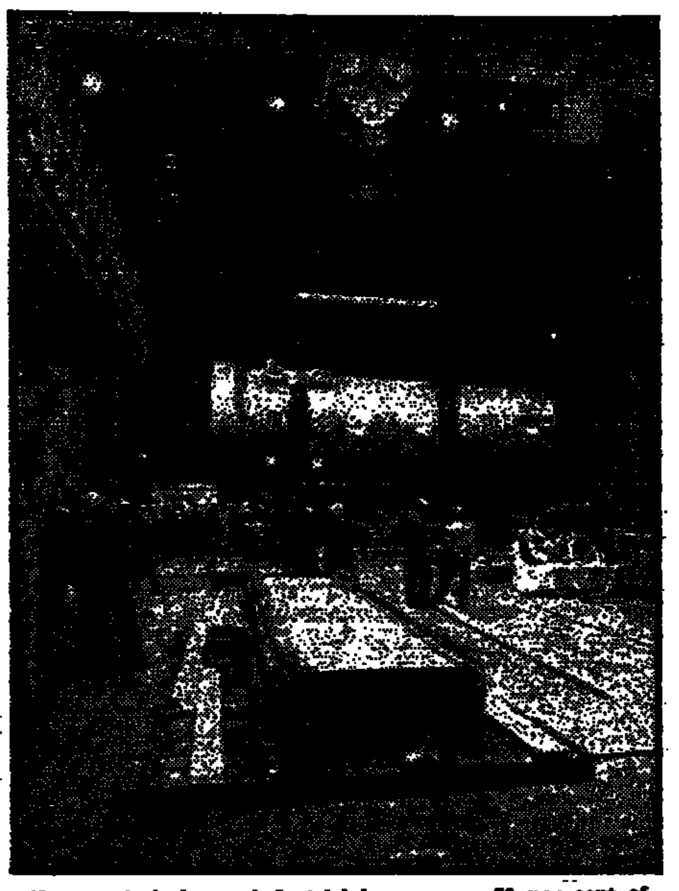
Predictably the most important partners in the West are West Germany's big three chemicals producers—Hoechst, BASF and Bayer, followed by Ciba-Geigy and Sandoz of Switzerland. ICI, Shell and BP are the third most important group, followed by Rhone Poulenc, Atachem and CDF Chem.

Chemicals trade with the West is roughly balanced, and Mr Volf says the rule that enough must be exported to the West by the chemicals industry to cover imports will continue to apply.

Although the plan determines minimum exports of chemicals companies to the West, they can exceed this amount. The incentive to do so, says Mr Volf, is that the companies can retain a larger proportion of their large currency earnings and use it to buy equipment in the West. By earning larger profits the companies can also provide greater incentives for their employees in the form of higher wages.

Last year the chemicals industry increased its output 3.4 per cent compared with a growth target of 1.4 per cent. This was, as envisaged, achieved by greater efficiency as crude oil consumption by the industry was 1.2 per cent lower than in 1983.

Output by the pharmaceuticals sector, which is to be especially developed, rose 8.7 per cent. In the first half of this year pharmaceuticals production soared by 11.9 per cent, but overall production of chemicals rose only 2.7 per cent compared with a planned 3.1 per cent.



The country's heavy industrial base covers 70 per cent of the major production lines traded in the world.

Joint ventures to lure the West

Industrial Co-operation

DAVID BUCHAN

IN THE middle of this summer, Czechoslovakia took an important decision: to permit, for the first time since World War II, direct foreign investment in its industry in the form of joint ventures. This leaves the Soviet Union and East Germany as the only Comecon countries to forbid this form of industrial co-operation.

In typically cautious manner, the decision was announced piecemeal. First, the electronics ministry said publicly in June that it would welcome Western ventures (JVs) in the area of consumer electronics.

This reflected the fact that by that stage it was already entertaining rival offers from Sony of Japan and Philips of the Netherlands to invest in making video recorders and compact disc players.

Three months later, Mr Leopold Ler, then Finance Minister, disclosed in an interview that JVs would be welcome also in tractors, the food industry, tourism, energy-saving equipment, machine tools.

In other words, direct Western investment is now legally possible virtually across the board — up to 49 per cent of a JV's equity, the Finance Minister stipulated, and on the basis that foreign companies could repatriate their due profit and (on liquidation of the JV) their original investment stake.

The practical impact of this politically interesting move may be small. Consumer electronics apart, a Danish food processor and Poclain, the French maker of excavators, have shown interest in setting up JVs, says the Prague Ministry of Heavy Industry. But the recent frustration of countries like Hungary and Bulgaria in wooing JV investment shows that relatively few Western companies seem to want to make the lasting commitment in Eastern Europe that a JV implies.

Allowing JVs, however, is an admission that other forms of industrial co-operation — purchase of licences, and know-how, sub-contracting, technical assistance — are not providing an adequate transfer of technology to Czechoslovakia. Industrial co-operation of this kind should be for Czechoslovak enterprises and their Western partners "a marriage to last for many years," says Mr Vladimir Forman, director general at the Heavy Industry Ministry. He complains: "We often find companies in the West underestimate our skills," and do not consider Czechoslovakia a permanent partner in projects in third countries. There should be reciprocity — first, a Czechoslovak enterprise subcontracts out work to a Western company, then vice versa. "A Western company that does not understand reciprocity will find itself participating just once with us," he warns, adding that "we are not sugar dolls, we can be assertive, if need be."

Yet many sectors of industry report fruitful co-operation with Western firms. Czechoslovakia has, for instance, built four large oil refineries in Iraq incorporating control equipment from George Kent of the UK, supplied urea plants to the Soviet Union with technology from Stamicarbon of the Netherlands, and has just signed two deals with Snamprogetti of Italy and Voest-Alpine of Austria for the purchase of licences and some equipment (the rest being made in Czechoslovakia) for petrochemical hydro-crackers in Czechoslovakia.

Skoda, the country's leading engineering company, is deeply involved in East-West co-operation deals, affecting both production at home with, for instance, agreement with Alsthom-Atlantique of France for making high-output turbines and, with Davy McKee of the UK and Deutsche Babcock, on projects in third countries.

With more companies chasing fewer capital investment orders these days, Czechoslovakia is thus trying to sustain its turn-key technology exports, which amount to 60 per cent of total engineering and heavy equipment sales abroad.

Licence sales come only a third best, behind joint ventures and long-term industrial co-operation, as a form of useful technology transfer, admits Mr Slavomir Sykora, commercial director of Polytechna, which is the sole Czechoslovak buyer and seller of licences.

Even so, Polytechna has done 450 licence deals in the last five years, buying rather more (55 per cent) than it has sold. This is high by Comecon standards, but low by world standards. Only 5-6 per cent of Czechoslovak production is made under foreign licence, compared with an average of 10 per cent among western countries.

Generally, Czechoslovakia pays four times more for an imported licence than it gets for an exported one, Mr Sykora says. This ratio roughly squares with figures in a recent OECD study showing that between 1972 and 1981 the average annual number of Czechoslovak licences in use abroad was 247 and average receipts were $13m. and the average annual number of imported licences in use at home was 403 and average yearly payments were $53m.

The biggest single generator of licence earnings is the Czechoslovak Academy of Sciences, which itself sits at the apex of a country wide network of some 180,000 scientific researchers in various institutes, now back to strength after the post-1968 political purges.

The Academy's prominence in the earnings league is due to the fact that it sold the country's best-selling licence — for soft contact lens — to the U.S. for development there by the National Patent Development Corporation, and it may be that President Reagan, who wears soft lenses, peers out at the world through a Czech invention. Less eye-catching, but more regular areas of Czechoslovak licence sales, are engineering, pharmaceuticals and textile machinery.

In the last five years, East Germany has bought the highest number (42) of Czechoslovak licences, followed by West Germany (38), Switzerland (13), the U.S. (12), Sweden (12), Netherlands (11), Hungary (11), and the Soviet Union (10).

In terms of royalties paid, East Germany comes only fifth, behind the U.S., Switzerland, Japan and West Germany. Part of the reason for this is that, in spite of the 1972 Comecon decision to terminate free provision of industrial expertise among member countries (so as to provide financial incentive to innovation), many licences inside Comecon are still traded free or at nominal fees.

Another frustration of the licence-sellers in Prague is that some Czechoslovak enterprises still regard technical documentation (even where it is of a standard to be of real value to western buyers) as an afterthought to be thrown in with a licence virtually free.

Some barriers exist in the sale of licences. Polytechna, according to Mr Jiri Gabriel, its deputy commercial director, must check with producers and the relevant foreign trade organisation that a licence is not going to help foreigners compete with Czechoslovak manufacturers. because export of goods is given priority over that of knowledge.

The bureaucratic hurdles, however, are higher in the case of licence imports, mainly in chemicals and machinery, with West Germany topping the list of suppliers (50 licences sold to Czechoslovakia in 1981-85).

Extensive screening of a potential licence purchase is done by branch ministries and the State Committee for Scientific Development and Investments, and then generally follows a wrangle over the required hard currency.

But perhaps the biggest problem, says Mr Gabriel, is simply the very broad production range and inadequate specialisation in Czechoslovak industry. It is this that reduces the number of exportable licences, while at the same time increasing the need for modernisation through industrial co-operation and, now, joint ventures.

Top of the league in machine tools

Light Engineering

LESLIE COLITT

THE CZECHOSLOVAK machine tool industry produces 75 per cent of the major product lines traded on world markets, a proportion which producers agree is far too large. They are reluctant, however, to drop any of their products as this would entail change and risks.

The Ministry of General Engineering which controls machine tool production is constantly reminded by its Government that merely being able to sell in foreign markets is not an argument for maintaining a line of production when prices for the item continue to fall.

The ministry is responsible not only for machine tools but also for textile machinery, agricultural equipment, trucks, cars, planes, ships, building machinery and home appliances. The output for the items it covers makes up more than half of Czechoslovakia's industrial production.

Mr Rene Pospiszyl, deputy general director of Strojimport, which exports and imports machine tools and textile machinery, said several of the new technologies originally developed in Czechoslovakia were produced more quickly in Japan, West Germany and Switzerland. This was crucial for Strojimport whose hard currency earnings last year were $500m compared with $800m annually in the early 1980s. Sales to the West made up 40 per cent of its total exports.

The open end spinning machine invented in Czechoslovakia went into production there in 1969 and was regarded as a world-beater at the time. But companies in Japan and West Germany quickly developed the process further, and limited the market in the West for Czechoslovak spinning machines.

Mr Ondrej Caban, responsible for textile machinery at Strojimport, said the reasons were manifold: organisational, managerial and a lack of electronics from the Tesla company.

The first knitting machines with Tesla electronics were introduced "a bit late" last year, he noted, but at least the gap with the West in this area is not growing.

Mr Pospiszyl said that sometimes there is demand for a product in the West, but the Czechoslovak factory producing it is fully booked, although it may be having trouble selling what it produces. The machine in demand, however, cannot be produced by another factory in the industrial trust and the order is lost.

Strojimport, he said, wanted to propose to the trusts that one of their factories—out of several dozen—should be made available for such quick shifts in demand. But the problem, he noted, was that no factory director wanted to take the risk of there being no demand for a time. Perhaps, he suggested, his foreign trade organisation could share in the risk.

In addition to such problems besetting the light engineering sector, there is the sobering fact that the average age of machine tools and forming machines in Czechoslovakia is now 18 years out of a maximum life span of 23 years.

Importance put on modernisation

Textiles

DAVID BUCHAN

TEXTILES is a long-standing Czechoslovak industry (going back to the 18th century) which now accounts for more than $1bn equivalent in the country's foreign trade turnover. But because the country has few domestic raw materials of its own, apart from flax for linen-making, the emphasis for the 1986-90 plan is on modernisation, rather than expansion of capacity.

The textile industry now employs nearly 300,000 people in virtually every part in the country except eastern Slovakia. The cotton sector is based in Hradec Kralove, linen in Trutnov in northern Bohemia, wool in the Moravian capital of Brno, and artificial fibres in the Slovak capital of Bratislava.

For much of its history, the Czechoslovak textile industry has relied on its own machinery, such as the water and air jet looms and open-end spinning of the post-war period that have been widely manufactured under licence abroad. But, more recently, with Czechoslovak textile machinery losing some of its technical lead to foreign competitors, imports have increased.

Yet, the industry still sells an average of 25-30 per cent of its production abroad. According to Mr Vladimir Sobotka, sales manager of Centrotex, the country's textile trade organisation, exports last year were around $640m, divided roughly between Comecon and the rest of the world, and imports $420m.

Some 60-65 per cent of exports to Comecon go to the Soviet Union alone, while in the West, the biggest market is West Germany, followed by a range of countries including UK, Austria, France, the Netherlands, Canada and the U.S. In the last country, duties are high, for lack of most favoured nation tariff treatment.

The Multi-Fibre Arrangement (MFA) which governs world trade in textiles has for Czechoslovakia, says Mr Sobotka, the advantage that it treats all equally. But the flexibility which Czechoslovakia has in theory under the MFA in selling to the EEC is restricted somewhat by the fact that each EEC member country maintains separate national quotas (as distinct from community-wide quotas) against "state-trading" countries like Czechoslovakia.

Imports are a simpler affair, with cotton coming mainly from the Soviet Union and wool from Australia. But the Prague government's desire to keep a tight rein on imports means that new investment in the coming five year plan will be focused on modernisation of existing capacity so as to improve competitiveness.

One of the ways by which the government hopes to achieve greater competitiveness is through closer links between foreign trade organisations, like Centrotex, and producers. Mr Sobotka says Centrotex now carries only limited stocks on its own account, mainly speciality items, and functions more as a straight agent of producers. His sales company also encourages more people from the producing enterprises to travel to international textile fairs," so that they can see better what the market demands."

Fears that pollution may have damaged forests

Furniture

DAVID BUCHAN

POLLUTION MAY have seriously damaged the forests of northern Bohemia. But it does not yet seem to have blighted the optimism of Czechoslovakia's large wood-working industry, which employs 50,000 people in the furniture sector alone, and has increased production and exports sevenfold over the past 15 years. According to Mr Jiri Jirava, general manager of Drevounia, the country's wood products trade organisation, exports last year amounted to the equivalent of £90m, two-thirds to Comecon partners and one-third to the rest of the world.

Wood is one of Czechoslovakia's few major natural resources. But it was 1969-70, says Mr Jirava, before the country realised, with the surge then in world commodity prices, that it should capitalise on its forests by investing in state factories and encouraging smaller co-operatives to develop traditional furniture-making skills. Set up in 1969, and based in forest-rich Slovakia, Drevounia has, in particular, helped these smaller producers get their products onto the world market.

The current strategy is to reduce exports of unprocessed timber (now down to 10 per cent of total wood product sales abroad), to use pollution-damaged Bohemian trees (mainly pine) for house construction and in wood composites, and to upgrade the quality and value of exports. Drevounia's most profitable line of exports to the West, for instance, is bentwood chairs which due to their lightness in weight and design have become very popular in Western homes and restaurants.

"We have supplied many London West End restaurants, even Buckingham Palace," claims Drevounia's former UK representative, "and we can't meet the demand." The problem is the number of man-hours going into these chairs, which require two-metre lengths of "clean" beechwood that is steamed and bent into shape by hand. "Machines split the beech, you need the human touch with a feeling for the wood," says Mr Jirava.

Another Czechoslovak wood product Drevounia is pushing is weekend houses. It can supply these wooden dachas for between $2,000 and $50,000, depending on the customers' requirements, and despite heavy competition from Scandinavia is hoping to increase exports. In furniture, however, it has joined forces with Scandinavia, specifically in co-operation with Ikea, the Swedish trading house, which is opening its first outlet in the UK this year.

Virtually everywhere the main competition Drevounia faces is local, particularly in Scandinavia and West Germany (which is also its biggest Western market). But only three Western countries impose special restrictions on Czechoslovak wood products—Denmark and Spain where there are quotas, and the U.S. which, in the absence of a "most favoured nation" tariff accord, imposes a 42 per cent duty on Czechslovak furniture. As for the East, the Soviet Union, the largest single buyer of Czechoslovak furniture, will take virtually as much as Drevounia and the industry care to supply.

Responsibility for the wood-processing industry is divided (as it is for chemicals, textiles and general light industry) between the Czech and Slovak republics. But Mr Stefan Chorvat of the Slovak industry ministry in Bratislava is understandably more confident than is Mr Jiri Mares, vice industry minister in the Czech republic, about his wood sector's prospects, because Slovakia's mainly broad-leaved forests are much less affected by pollution.

According to the latest estimates cited by Mr Mares, 26 per cent of the Czech forests are now "of deteriorated quality," and 40 per cent will be by 1990. But he hopes that Czechoslovakia's commitment (along with other central European countries) to reduce its air pollutants by 30 per cent will be met in several ways. These include reducing the sulphur dioxide in acid rain by switching away from coal as a fuel, and installing "sulphur scrubbers" in remaining coal-powered stations. He points out the irony that the wood industry is the one sector most affected by pollution, but doing the least to create it, because the wood industry now relies almost totally for energy on burning its own waste.

Czechoslovakia 6

Faced with an acute need for more hotels

Tourism

LESLIE COLITT

VISITORS TO Prague may sometimes be reminded of what one resident in the city told me years ago: "Don't forget, Prague is to the west of Vienna."

The Czechoslovak capital is very much in the heart of Europe. Prauge was Central Europe's largest city when the region's first university was founded in 1348.

A walk at dusk across the gothic *Charles Bridge*, with the towers of the Old Town silhouetted at one end and the *mighty Prague castle dominating* the Lesser Town, is one of the best ways to begin and end a visit to Prague.

Another memorable view of the city is from the statue of Bedrich Smetana at the end of Novotenho Lavky, a cul-de-sac which loks out over the small rapids on the river toward *Charles Bridge and the castle.* A small wine restaurant, The Three Graces, is conveniently located in the same street.

As custodians of architectural treasures from five periods, the authorities have taken steps to ensure their survival for future generations. Cars and trucks have been barred from most of the Old Town and from Wenceslas Square — with the exception of deliveries in the early morning hours and private cars belonging to visitors residing in are area's hotels.

The *main cross street* — it was once a moat, separating the elongated square from the Old Town is being converted into an attractive pedestrian mall. The air, as a result, is already noticeably improved in the centre of Prague, which lies in a valley with severe pollution problems.

Mr Jan Kolarik, deputy general director of Cedok, the national travel agency, said Prague is "sold out" nine months of the year and thus has an acute need for new hotels. The city has 9,00 hotel beds and needs at *least 12,000*, but could well use 15,000, he noted.

A luxury hotel belonging to *the Forum chain is to be built* for $60m and will open in early 1988, but the city also needs more hotels in the upper medium category. One such hotel, the Panorama was built in this category in 1983. In spite of its wind-swept location in the Pankrac district, it offers all amenities and is ten minutes *by underground* from Museum Station in the centre of Prague.

The newly constructed underground with its Soviet-built cars is the best and cheapest way of getting around Prague.

Although Prague has a hotel shortage it has an abundance of intimate wine restaurants (Vinarny) and of course taverns *(Pivnice) which serve* the deep golden Pilsner beer which, even Bavarian brewers admit, is unequalled. The most famous tavern is U Fleku, founded in 1499, which serves its special dark beer at long tables and in the courtyard in summer.

The old Prague ghetto has become a magnet for visitors from East and West with the oldest surviving synagogue in Europe, albeit with only a few Jews.

At Prague Castle one can admire the windows of the Bohemian Office out of which were pushed the royal governors in May, 1618. the famous Prague defenestration, which began the Czech *rebellion* against the Habsburgs and ushered in the 30 years war.

Castle Square outside is virtually an extension of the castle with many notable buildings including the baroque Sternberk Palace, now an art gallery, the Archbishop's palace and the renaissance Schwarzenberg Palace. The view over the Lesser Town from Castle Square is magnificent.

Cedok organises tours of Czechoslovakia's architectural treasure house as well as music tours which include meetings with teachers at the conservatory. The film Amadeus, about Mozart, was filmed largely in Prague. It has had a considerable impact on tourism to the city. The number of visitors to Prague has been growing by an average of 7 per cent annually. For those so inclined, Cedok also offers tours to the beer breweries and to glassmaking establishments.

Outside Prague the best known attraction in Western Czechoslovakia are the spa resorts of Karlovy Vary (Carlsbad) and Marianske Lazne (Marienbad). Germans and Austrians are mainly attracted to the 12 warm springs of Karlovy Vary which are said to be especially beneficial for relaxing liver, *gall bladder* and gastric disorders.

For those in good health both *spas have* 18-hole *golf courses* and every couple of weeks a Swedish group arrives *from* Malmo for a reasonably priced week of golf. The finest hotel in Marianske Lazne is the 100-room Golf Hotel situated only 100 metres from the greens and with its own pool, sauna and tennis courts.

Czechoslovakia has much to offer western visitors — from the High Tartras, the Czechoslovak Alps, *to* the caves of Slovakia and the picturesque towns and vineyards of southern Moravia. Everywhere the innate friendliness of the people is no less an asset for tourism.

Czechoslovakia—Basic Statistics

Area: 127,896 sq km
Population: 15.5m
Workforce: 7.5m
Federal capital: Prague
Official languages: Czech and Slovak
Head of state and communist party: President Gustav Husak
Head of government: Prime Minister Lubomir Strougal
Exchange rate: Commercial rate *9.2-9.9* crowns per £1 (Oct 1985) Tourist rate 15.66 crowns per £1 (Oct 1985)
Net material product (NMP): 464.9bn crowns (1983)
NMP per capita: 30,160 crowns (1983)

Self-reliance policy has been modified

Cars and Trucks

LESLIE COLITT

THE SKODA company produced its first car in 1905, which helps to explain why Czechoslovakia, unlike most other East European countries, has not linked up with a western motor company to produce a car under licence.

The Czechoslovaks were convinced they did not need western technology to produce a car meeting the needs of home and Comecon markets as well as being saleable in the West.

This self-reliance has been somewhat modified for the forthcoming new *Skoda model,* which is to appear in 1987.

A front-wheel drive car, it has been designed by *Bertone* of Italy, and many of its parts are to be manufactured under *licences from* leading West German and UK component makers. Similarly, $75m worth of western production equipment has been bought to enable higher quality standards to be achieved and to accelerate output.

A previous attempt to cooperate in car manufacturing within Comecon ended in failure, when Czechoslovakia and East Germany signed an agreement to develop a joint engine for their Skoda and Wartburg cars but could never agree on key details.

The new Skoda will not have come too soon, as current models are virtually unchanged since the mid-1970s. Sales to western markets have, however, risen in recent years as Skodas are regarded *as good basic* transport at a very low price. Skoda sells 110,000 cars annually on the domestic market and exports the remaining 80,000 of output, mainly to the West. This makes it Eastern Europe's largest exporter of cars to the West, in percentage of total production. *Demand for Skodas* at home has dropped in anticipation of the forthcoming model change, and Czechoslovakia is now the only East European country to offer its citizens cheap loans to buy cars.

Mr Jan Machaj, general manager of Motokov, the foreign trade organisation for road vehicles, says production of the new model Skoda could be boosted beyond 200,000 units *annually if its reception abroad* warrants the extra investments. Skoda is even considering the possibility of exporting the new cars to the U.S., after experiencing encouraging sales in Canada with its current range.

The other Czechoslovak made car, the Tatra, is a far more exclusive affair with only 300 of them being built each year. The Italian designed car which has an air cooled rear engine devours *18 litres* of petrol per 100 km and is exclusively for the use of Government officials *and Czechoslovak diplomats.* One Czechoslovak official noted that the car is a luxury which only the Tatra company can afford to produce. A smart looking face-lifted model was shown at the recent Brno Fair.

Tatra's reputation is based on its air-cooled heavy trucks which see service in the worst climate the Soviet Union has to offer and which are also exported to many countries.

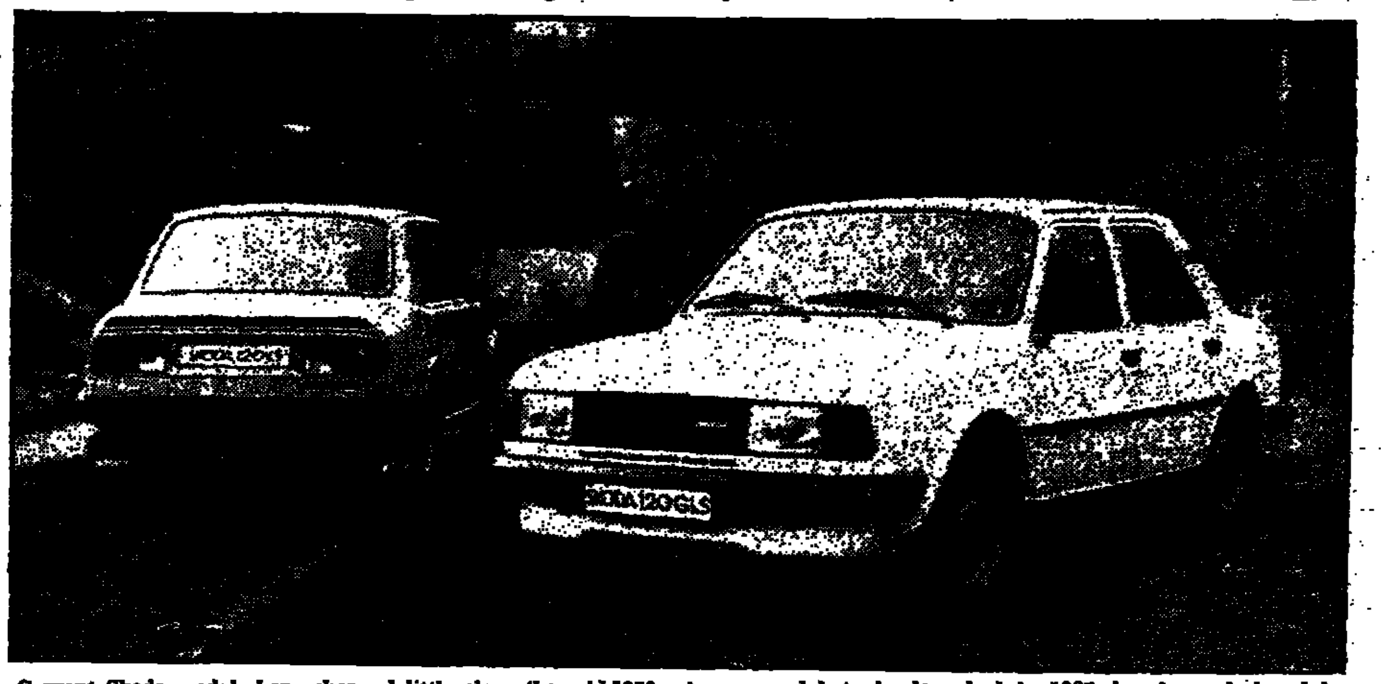
Tatra also supplies Comecon's armed forces with heavy trucks and missile transporters. Under a co-operation agreement with Renault, worth FFr 300m, the Avia factory which makes light *trucks is to be enlarged* and modernised.

Mr Josef Blecha of Motokov says *negotiations* have begun with major western truck makers on a possible licensing agreement to provide common truck cab units for the country's three truck makers—Avia, Tatra and Liaz. These produce 70,000 trucks annually.

Exports of Czechoslovak tractors to the West are doing even better *than* cars, according *to* Mr Machaj. Negotiations are under way with U.S. and Japanese *engine* makers *for* a *small* diesel tractor engine, and with a British company for a turbocharger to be used in a new model of the Zetor tractor.

Exports of Skoda cars to the West in 1984

UK	12,000
Denmark	7,000
Netherlands	4,500
France	3,500
Finland	2,500
Canada	2,300



Current *Skoda* models have changed *little since* the mid-1970s. A new model, to be *launched* in 1987, has been designed by Bertone, of Italy

Less rigid approach is taken

CONTINUED FROM PAGE ONE

overall economy), so it is insisting that would-be Czechoslovak borrowers of hard currency put loans to *specific use* (to modernise, save on imports or boost exports) and guarantee repayment by *demonstrating to the* bank a reasonable rate of return on their investment.

Finance follows trade. The collapse of détente, in particular new Western technology export controls, Western sanctions on Poland, and the attempted U.S. ban on energy equipment for the Soviet Union, left the Prague government feeling exposed commercially and vulnerable politically.

Proud of being a founder member of the GATT, Czechoslovakia complained about illegal trade discrimination by the West, but it was also quick to rally to Soviet calls for closer *Comecon integration.* By the time of last year's Comecon summit (which called for further integration) Czechoslavakia was doing 73.5 per cent of its total trade with its eastern partners, compared with 65.5 per cent in 1980.

The slice of total trade done with the developed West *dropped from 20 per cent to* 15.7 per cent over the same five years. The trend continued in the first half of this year, with Socialist countries (Comecon, plus China and Yugoslavia) taking 77.7 per cent of exports and supplying 83 per cent of imports.

How far will the trade shift *to the East go? Mr Bohumil* Urban, the trade minister says he can give no precise forecast. "If the socialist community provides us with abundant modern technology, or if capitalist countries restrict us to a greater extent the share of trade with Comecon will grow further. But we do not aim at preferring 'socialist' trade." If there are not extra restrictions or protectionism by the West, he expects equal *growth in exports* to East and West in 1986-90, and imports to be a function of export earnings.

Only the broadest outline of the 1986-90 plans goals is so far known: average 3.5 per cent growth in national income a year, 4-5 per cent annual increase in overall trade, and somewhat higher investment not so much in expansion of plant capacity, but in refurbishing factories and modernising equipment—*which happens also to be* the Gorbachev direction for the Soviet economy. Yet realisation of these ambitions *may* require progress on three fronts.

● Specialisation. Czechoslovakia is in danger of becoming an industrial jack of all trades but master of none. The breadth of its industrial base lies in its history, first serving as general workshop to a largely agrarian Hapsburg empire, then performing the same function for the Soviet bloc, after the second *world war had severed* cooperation with, and competition from, with Western firms.

Today Czechoslovakia covers 80 per cent of the some 400 "engineering fields" that exist in the world, according to the Prague general engineering ministry. In specific products, *this amounts to only* 7-8 per cent of the total world range, but varying between 17 per cent of the world range in *textile* machines, 20 per cent of machine tools, 30 per cent of shoe-making machines, *to 100* per cent of trucks and leather-processing equipment.

In some ways, this industrial "omni-culture" of a country with only 15m inhabitants suits *its trading* partners. The Soviet Union has a wide choice of Czechoslovak produce to *exchange for its oil and iron ore,* while Western engineering and machine tool companies, as distinct from sellers *of consumer* products, find Czechoslovakia always has some technology in their line that needs updating.

This is why they do such steady, if not spectacular, business at Brno trade fairs. But spreading industrial resources so wide and thin makes modernisation and innovation a big problem for the Czechoslovaks *themselves, despite the fact that* 180,000 of them work in various kinds of research institutes.

Huge orders from the East give security but militate against innovation. Where else but the Soviet Union could *CKD* of Prague sell 5,200 diesel locomotives? Where else but Comecon could truck*makers like Tatra and Liaz sell* more than 50,000 vehicles they produce each year? What non-Communist nuclear reactor maker can match the work-book of Skoda, which is currently building 12 reactors inside Comecon?

The Eastern market is becoming rapidly more demanding; indeed, as one senior Prague official says, the main impact of Mr Gorbachev on Czechoslovakia is that "now we will be producing, not for two different markets but one single, equally demanding market worldwide."

Clearly, securing greater specialisation and modernisation through joint ventures with Western firms is not likely to be the answer for an economy that does only 15 per cent of its trade with the West. *The key lies inside* Comecon. It is not surprising that Mr Lubomir Strougal, the Czechoslovak Prime Minister, has been the leading exponent of more "direct links" between companies of the various Comecon countries.

Czechoslovakia's national income

(crowns bn)	*1983	†1984	% change
Net national income	464.9	478.0	2.8
Industry	267.5	273.5	1.8
Agriculture/forestry	37.0	37.0	0
Construction	51.4	52.2	1.5
Transport/communications	22.3	22.1	−2.0
Trade and other	86.7	93.2	6.0

* Statistical Yearbook 1984.
† Estimate by PlanEcon Incorporated, Washington DC, 1985.

Czechoslovakia's net hard currency debt

($bn)	
End-1982	2.8
End-1983	2.5
Mid-1984	2.0

● Net = gross debt minus Czechoslovak assets in Western banks reporting to the Bank for International Settlements (BIS) only. The net debt is lower or *non-existent, if* Czech assets in developing countries are included.

Source: UN Economic Commission for Europe, 1984.

● Energy. Czechoslovakia's single worst economic and social headache is its dependence on energy-wasteful heavy *industry and its* dependence, in energy, on polluting brown coal. It has according to energy *ministry officials in Prague,* the world's third highest per capita energy consumption behind the U.S. and East Germany. *Sixty* per cent of it is generated by coal, mostly brown coal, with low calorific and high sulphur content, and a major contaminant of Czech cities and forests. (Slovakia, to the East, has *largely* escaped this.)

The Government is now all too aware of the problem, and *plans to reduce* coal output from 125.5m tonnes this year to 105m tonnes by the end of the century *(with brown coal* going down from 99m to 80m tonnes). But, with decreasing Soviet oil supplies, and delays in Czechoslovakia's nuclear reactor construction programme, coal is perversely needed as much as ever. Last year a record 129m tonnes was mined, and much of the 3.7 per cent rise *in industrial output* this year was due to increased power generation by coal.

● *Economic reform.* The Government's "set of measures" is described as (perhaps led by Mr Strougal) open-ended, in the sense that it has been added to since its 1981 inception and can be further amended. What it seems to lack, so far, is an overall philosophy, linking prices, *wages, incentives for* extra work or initiatives.

Companies are supposed to be more *self-financing* and reliant, yet still lack a rational price structure to respond to. Energy prices have increased 50 per cent for households since 1980, but not for industry. Mandatory plan targets *still* proliferate, except in agriculture where they have been reduced to two (grain and meat).

More of the wage bill has been nominally set aside for *performance-related* bonuses, but relatively few bonuses are actually earned or paid out, because workers have as many basic consumer goods as they want or as the state allows them. The fiscal system has not been reformed to tax higher earners progressively more steeply; the exceptional "super-rich," an Ivan Lendl, simply negotiate tax payments ad hoc.

If there is an internal tug-of-war between reformers (perhaps led by Mr Strougal) who want to push on with change, and conservatives (perhaps led by Mr Husak) who *would* rather wait on further events in Moscow, there is little outward sign of it. The March *party* congress *may* tell us more.

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Benedetti plans L300bn rights through Sabaudia

BY ALAN FRIEDMAN IN MILAN

SIG Carlo de Benedetti is to raise L300bn ($168m) through a rights issue on the Milan bourse of shares in Sabaudia, a financial subsidiary of Compagnie Industriale Riunite (CIR), the de Benedetti family company which has a 15 per cent stake in Olivetti and other important industrial holdings.

Sabaudia is to be quoted in Milan for the first time tomorrow. CIR controls 75 per cent of Sabaudia's present 100m ordinary shares, while the public owns 25 per cent.

A shareholders' meeting will be asked to approve plans for Sabaudia to increase its share base by 50m ordinary shares and 150m non-voting savings shares. These will be priced at L1,500 each to raise L300bn. Nominal value of each share is L1,000.

The public will be able to subscribe for 12.5m of the 50m new ordinary shares, thus keeping its stake in Sabaudia at 25 per cent of the eventual 150m ordinary shares. There will be a total of 37.5m ordinary shares on the market.

The Sabaudia rights issue is important for Sig de Benedetti – who aside from being Olivetti chairman is a financier in his own right – because it will provide a large cash reservoir for future acquisitions.

Meanwhile, it was learned yesterday that Sabaudia controls larger stakes in Pirelli and other companies than previously thought. Among its key holdings is 7.12 per cent of Pirelli and Company, the Milan vehicle which in turn has partial control of the overall Pirelli tyre and cables group. Sabaudia also has 8.19 per cent of Caboto Milano Centrale, the property and financial group which is merging with Pirelli.

In addition, Sabaudia owns a total of 23.1 per cent of the Mondadori publishing group. The de Benedetti vehicle also has 20.66 per cent of Euromobiliare, the investment bank, 13.8 per cent of the L'Espresso publishing group, 11.98 per cent of the GIM metalurgy business and 1.87 per cent of Credito Romagnolo, the regional bank.

SBC and Swiss Re to raise capital

By Maggie Urry in London

SWISS BANK Corporation and Swiss Reinsurance both launched international share issues yesterday to raise approximately SwFr 350m ($162m) and SwFr 230m, respectively.

SBC's issue is of 700,000 bearer shares, of which 250,000 will be placed domestically. The syndication of the other 450,000 shares is being co-ordinated by Swiss Bank Corporation International. Nine individual syndicates are being formed representing nine different countries.

The issue price will be set at whatever level the shares close at on October 30. Yesterday the shares closed at SwFr 497. The issue will increase the bank's share and participation certificate capital by 2.3 per cent.

The issue of 100,000 bearer participation certificates for Swiss Re is being lead-managed by Credit Suisse First Boston and is the insurance company's first international share offering.

Borrowers flood market

BY OUR EUROMARKETS STAFF

IBM and Unilever set the Eurodollar bond market alight yesterday with both being able to add to their deals because of strong demand. Other borrowers, keen to lock into current interest rates, also flocked to the market.

IBM, through its IBM World Trade subsidiary took the unusual step of launching a second $100m issue rather than increasing its first $150m deal. The second deal, which is fungible with the first, has a ¼ point higher issue price. Otherwise, terms on both are the same with a 10-year maturity, 10¼ per cent coupon and fees of 2 per cent. The first deal has a 100¼ issue price and the second came at 100½, Salomon Brothers led both.

IBM's cost of funding on the first issue was only 12½ basis points above the U.S. Treasury yield curve. After the increase, the bonds slipped back to trade around 99¾.

Unilever Capital Corporation is another popular name with Eurobond investors and Morgan Guaranty increased its seven-year issue from $100m to $150m. The coupon is 9⅞ per cent and issue price 99½. In spite of breaking through the 10 per cent coupon level there was good demand for the bonds, which were trading inside the ⅜ per cent selling concession.

Late in the day, the European Investment Bank jumped on the bandwagon with a $200m, nine-year deal, led by Swiss Bank Corporation International. This pays a 10¼ per cent coupon and is priced at 99⅞. With 2 per cent fees, EIB's cost of borrowing is 25 basis points above Treasury yields. The bonds were quoted around 98¼.

An issue for Corporate Property Investors was also trading well. This is the largest U.S. equity real estate investment trust, which owns, among other assets, a 30 per cent interest in an option to buy the General Motors building in New York. The $100m issue, led by Morgan Guaranty, has a seven-year life, a 10⅜ per cent coupon and 99¾ issue price.

British Petroleum was the second borrower to use Bankers Trust's structure of a dollar bond with repayment linked with the yen to dollar exchange rate. The $100m issue will be redeemed at $100m if the exchange rate is Y169 to the dollar or more. If the yen strengthens, the repayment value falls. In return, investors get a higher coupon fo 11¼ per cent for 10 years in BP's case, and issue price is 101.

Secondary market Eurodollar bonds gained around ¼ point yesterday, helped by the New York market.

The D-Mark bond market is in poor shape, with secondary market prices falling by ½ point on average yesterday. Two new deals were a further depressant. R. J. Reynolds launched a DM 265m 15-year issue, which is Morgan guaranty's first lead management in this market. Traders criticised the maturity of the deal, which is unusual in Germany. The 6⅞ per cent coupon is higher than Reynolds would have paid only weeks ago. The par price bonds were trading around 98, inside the 2½ per cent fees.

Ireland was the other borrower, with a DM 200m 10-year issue also paying a 6⅞ per cent coupon, but with a 99¾ issue price. Commerzbank led this one, which was also trading at around a 2-point discount.

The Canadian dollar market is in a similar plight, with far too many deals being launched at once as borrowers find cheap financing terms. Yesterday, General Motors Acceptance Corporation (Canada) launched a C$75m six-year deal with a 10½ per cent coupon and a 100½ issue price led by Orion Royal Bank. The fees are 1⅞ per cent and although trading in these issues is slow to start, some dealers quoted the bonds outside the fees. Royal Trustco's C$75m five-year 10⅞ per cent issue, led by CIBC, was suffering as well.

In the Euro-New Zealand dollar bond market, Fiat Finance and Trade launched a NZ$50m issue with a three-year life. The coupon, at 18 per cent, is the highest in the sector. Banque Paribas set the issue price at par and fees total 1½ per cent.

● The World Bank has organised a third multi-currency financing programme with European savings banks. the deal includes: a DM 350m, seven-year private placement led by Bayerische Landesbank; a DKr 300m, seven-year public issue led by Sparekassen SDS; a Fl 75m loan arranged by Bank der Bondsspaarbanken; a Sch 500m domestic private placement, also for seven years, managed by Girozentrale und Bank der Österreichischen Sparkassen; a Lux Fr 300m domestic private placement led by Caisse D'Epargne of Luxembourg and a possible further tranche.

Takeover for Belgian zinc producer

By Paul Cheeseright in Brussels

THE SHARE price of Société des Mines et Fonderies de la Vieille-Montagne fell back in Brussels yesterday after the disclosure that Union Miniere had gained majority control of the company with the purchase of a further block of 86,000 shares worth about BFr 6.6bn ($134m)).

Union Miniere, a wholly owned subsidiary of Société Générale de Belgique, and the pillar around which the holding company has been grouping its mineral activities, has in recent months built up its stake in Vieille-Montagne from 39 per cent.

Vieille-Montagne, which over the past two years has been the subject of sporadic speculative interest on the market, was trading on Monday at BFr 7,750 and yesterday BFr 7,450, in the top end of its BFr 5,000 to 8,470 price range for this year.

The latest Union Miniere acquisition was purchased at just underneath prevailing market levels, the company said. The identity of the sellers has not been disclosed but there is speculation it they could be a group of investors that built up a 9 to 10 per cent stake in Vieille-Montagne last spring.

Vieille-Montagne's main activities are zinc mining and processing.

Alcan posts 'severe' drop in income

By Robert Gibbons in Montreal

ALCAN Aluminium of Canada showed a severe decline in third-quarter income, as expected and in line with most major producers in the North American aluminium industry.

Net profit in the third quarter was U.S.$7m, or 7 cents a share, against U.S.$52m, or 53 cents, a year earlier on revenues of U.S.$1.4bn against U.S.$1.3bn.

For the first nine months net profit was U.S.$32m, or 32 cents, against U.S.$233m, or $2.39, a year earlier. Revenues were U.S.$4.25bn against U.S.$4.1bn.

Shipments of aluminium in all forms in the third quarter were 546,800 tonnes compared with 439,600 tonnes. A major reason for the reduction earnings was the low level of North American ingot prices. Overall, prices were slightly lower than for the second quarter of 1985. European earnings were also lower than in the second quarter because of the fall in the U.S. dollar.

Fourth-quarter results are not likely to show a significant increase in earnings. However, the lower break-even point achieved by past capacity reductions should improve performance in 1986 and the company should benefit from any upward movement in prices.

Buyout for Household International division

BY WILLIAM HALL IN NEW YORK

HOUSEHOLD International, the U.S. consumer finance and manufacturing group, is selling its merchandising operations to a group of investors for close to $700m.

The sale, which will be structured as a leveraged buyout, comes only a day after the management of R. H. Macy, the New York department store group, announced a $3.6bn bid to take the company private through a leveraged buyout.

Household, which last year fought off a threatened bid from a group of dissident shareholders, announced yesterday that it had reached an agreement in principle with a group of investors including Donaldson, Lufkin & Jenrette, the New York investment bank, and Foxmeyer, the Colorado-based pharmaceutical group, for the sale of its merchandising subsidiaries.

Household will receive a cash payment equal to current book value, which at the end of 1984 totalled $565m, plus $125m of subordinated notes and a 10 per cent stake in the acquiring corporation.

The merchandising operations had annual sales of $5.4bn and net income of $40.6m in 1984. Although the division accounts for over half Household International's total sales, it contributed less than a fifth of the profits in the first six months

Suchard plans capital raising for expansion

By John Wicks in Zurich

SUCHARD SCHOKOLADE, the Austrian chocolate subsidiary of the Swiss Jacobs-Suchard group, is to acquire the Tulln-based cocoa and chocolate producer Bensdorp from Unilever on January 1.

The price to be paid to Österreichische Unilever has not been decided. It will be determined, according to a joint communique, on the basis of an agreed formula.

The takeover will strengthen Jacobs-Suchard's position as the leading company in the Austrian chocolate market. Already, Suchard Schokolade, of Bludenz, and Mirabell, of Groedig, have an annual turnover of about AS 179m ($9.69m).

Jacobs-Suchard also proposes to raise its share capital considerably to finance expansion of its international business.

The company proposes to raise its share capital of registered and bearer shares by SwFr 58.6m ($27.1m) to SwFr 186m. It will simultaneously raise participation certificate capital by SwFr 2.6m to SwFr 10.4m.

The company also announced that its results in the first nine months of 1985 surpassed those for the same period last year. The group's profits had risen 9.1 per cent to SwFr 120.2m in 1984 from SwFr 110.2m in 1983.

Current shareholders would be eligible to purchase one new security for each three securities of the same type already held. One new bearer share would cost SwFr 3,500; a new registered share would cost SwFr 700 and a new participation certificate would cost SwFr 350.

Mellon Bank earnings rise 10% in quarter

BY OUR NEW YORK STAFF

MELLON BANK Corporation, the 11th biggest U.S. banking group and one of the last to report its quarterly earnings yesterday posted a 10.3 per cent increase in third-quarter net income to $47m.

The Pittsburgh-based banking group, which has been expanding its business through acquisitions, boosted net interest revenues by 14.6 per cent to $226.2m in the latest three months, primarily because of higher loan volume. Its loan loss provisions totalled $29.2m in the latest quarter, compared with $31.9m a year ago. Net credit losses totalled $20.3m, compared with $16.5m in the third quarter of 1984.

Mr J. David Barnes, Mellon's chief executive, said the earnings increase reflected improvement in net interest revenue and fees and slower growth in operating expenses. The growth in net interest revenues resulted principally from higher levels of interest-bearing assets and wider spreads on investment securities.

For the first nine months of 1985 Mellon earned $156.7m, or $5.56 a share, compared with $115.1m, or $4.11 a share, in the same period last year. The latest nine-month figures reflect large gains from securities trading and portfolio managemen in the second quarter.

At the end of September, Mellon's assets stood at $31.9bn and shareholders' equity exceeded $1.6bn. At the end of 1984, the group had $30.6bn in assets and shareholders' funds of $1.5bn.

The group had primary capital of $2.2bn at the end of September.

Falling prices put Cominco in the red

By Bernard Simon in Toronto

COMINCO, the Vancouver-based zinc, lead and fertiliser producer, suffered a loss of C$28.4m (U.S.$20.8m), or 49 cents a share, in the third quarter to September 30, reversing a C$4m, or 1 cent a share, profit of a year earlier.

Third-quarter sales slumped from C$402.6m to C$315.4m.

The setback was largely because of lower metal prices and consequent production cutbacks that raised unit costs. Refined zinc prices in North America have dropped by 17 per cent in the past year and lead prices by almost a third.

Cominco's chairman, Mr Norman Anderson, said that zinc and lead prices had fallen to "distress levels." With lower zinc prices failing to stimulate demand, he predicted that "prices will remain lower unless there is a reduction in both smelter output and mine production."

Mr Anderson said there appeared to be little room for improvement in the lead market because the seasonal upturn in battery sales in the U.S. was lower than expected.

Cominco's mining and metals division moved from a C$28.8m operating profit to a loss of C$12.1m. Similarly, a profit of C$13.3m from fertilisers and chemicals turned into a C$7.7m loss.

Thrift deal cleared

THE MARYLAND State Senate has finally approved the purchase by Chase Manhattan, the U.S. bank, of three state-insured savings and loan institutions that have been operating under withdrawal limitations.

The vote early yesterday adopted an emergency exception to Maryland's ban on out-of-state banks and ended a five-day Senate revolt against the bail-out plan negotiated by Chase and Mr Harry Hughes, the state Governor.

The Senate approved the package by a 29 to 14 margin, one vote more than the two-thirds majority required.

The legislation gives Chase immediate banking privileges in Maryland in return for its purchase of Merritt Commercial Savings and Loan in Baltimore, Chesapeake Savings and Loan of Annapolis and Friendship Savings and Loan of Bethesda.

Esab profits jump 67%

By Our Stockholm Staff

ESAB, the world's leading manufacturer of welding equipment, reports a 67 per cent rise in pre-tax profits to SKr 137m ($17.2m) for the first nine months to end September.

Turnover climbed 34 per cent, or SKr 739m, to SKr 2.9bn, of which newly acquired companies contributed more than half. Operating costs after depreciation rose by SKr 72m to SKr 212m. Net financial costs grew by SKr 16m to SKr 75m.

● Bahco, the Swedish engineering company, reports earnings before appropriations and taxes climbed from SKr 83.7m to SKr 144.1m. Sales fell by 33 per cent to SKr 1.22bn. Operating results after depreciation fell SKr 50m to SKr 89.5m.

Goodrich sales and profits fall

BY OUR FINANCIAL STAFF

B. F. GOODRICH, the U.S. tyre producer that earlier this year announced a big restructuring, yesterday reported a fall in profits for the third quarter of 1985.

Net income fell to just $800,000, or 2 cents a share, including an unusual tax charge of $10m, compared with profits of $25.5m, or $1.07, a year earlier. For the first nine months of 1985, the company lost $349.4m after a one-time restructuring charge of $326.6m, compared with net profits of $67.8m.

Sales slipped in the latest quarter from $851.8m to $834.9m, and from $2.54bn to $2.43bn in the nine months.

The depressed third quarter was blamed on poor conditions in the tyres and polyvinyl chloride resins markets.

Dollar boosts Abitibi Price

By Our Montreal Correspondent

ABITIBI Price of Canada, the world's largest newsprint producer, had higher earnings in the first nine months mainly because of the high U.S. dollar exchange rate.

Larger contributions from most operations and the inclusion of two recently acquired distribution companies also helped. The company, which is controlled by the Reichmann family, sells the bulk of its newsprint in the U.S. market.

Third-quarter net profit was C$25.4m (U.S.$18.7m), or 36 cents a share, against C$15.3m, or 21 cents, on sales of C$633m against C$546m.

In the first nine months net profit was C$70.4m, or 99 cents a share, against C$48.7m, or 68 cents.

Asken to sell industrial operations

BY DAVID BROWN IN STOCKHOLM

ASKEN, the Swedish investment company, has announced plans to sell its industrial operations to a consortium of managers affiliated with the group in a deal worth more than SKr 200m ($26.2m).

The deal will relieve Asken of part of a large debt-service burden after investments of more than SKr 1bn last year, according to Mr Jaan Kaber, its managing director.

Asken is controlled by Mr Erik Penser, the UK-domiciled Swedish financier, who also owns the investment companies Carnegie and Yggdrasil.

The so-called "Penser sphere" has made extensive acquisitions beyond its majority holding in Carnegie, which is the country's largest brokerage house. It is also a major shareholder in Nobel Industries and the Saba retail and wholesale trading group.

Many of its acquisitions were financed during the boom in share prices on the Stockholm bourse, but the empire has been squeezed by a decline in the value of its holdings and the high interest costs associated with their acquisition. It has already been forced to sell holdings worth some SKr 1bn this year.

The industrial operations to be sold include textile and other machinery as well as specialised paper production facilities.

Meanwhile Saba, which is 70 per cent controlled by the Penser empire, reports its operating profits after depreciation for the eight months to August fell from SKr 96m to SKr 72m, due largely to an 8 per cent volume drop in retail sales.

Roughly unchanged costs of SKr 82m brought a loss of SKr 9m from an SKr 14m gain last year. However, extraordinary income of SKr 216m from the sale of Svea, the property company, brought the pre-tax result to SKr 207m.

The bulk of group earnings are traditionally generated during the final four months of the year. The company forecasts full-year results after financial items on the same level as the SKr 220m achieved in 1984.

INTERNATIONAL COMPANIES and FINANCE

Porgera gold find fillip for partners

By Michael Thompson-Noel in Sydney

Partners in the Porgera gold prospect in Papua New Guinea (PNG) have announced the discovery of a potential bonanza—a highgrade section of 1.7m tonnes of ore averaging 40g of gold per tonne.

The news galvanised Australian share markets, as analysts viewed a gold discovery of this grade and magnitude as extremely rare.

Shares in Placer Development, which manages the prospect, rose A$7.50 yesterday to A$30. MIM Holdings gained 5 cents to A$2.62, and Renison Goldfields 60 cents to A$6.10. Each has a one-third stake in Porgera, in the rugged PNG Highlands.

The total ore body at Porgera contains 59m tonnes of ore grading 3.55g of gold per tonne, which is probably not economical. However, within that body is a section of 15m tonnes grading about 6g per tonne, and within that section a sub-zone of 1.7m tonnes at 40g per tonne.

The sub-zone is therefore 22 times as rich as Australia's biggest producing gold mine—Kidston, a northern Queensland—although recovery costs in the PNG Highlands would be appreciably greater.

● In Brisbane yesterday Sir Bruce Watson, chairman of MIM, spoke enthusiastically of the Porgera discovery.

He also defended MIM's recent controversial decision to raise its stake in Asarco, the troubled U.S. mining group, to 32.4 per cent, by paying Mr Robert Holmes à Court A$140m (US$98m) for a 13.3 per cent parcel.

MIM already has large debts.

The coal division, Sir Bruce added, was expected to return to profit this year after an A$12.5m pre-tax loss in 1984-85.

Malaysia to tighten banking laws

BY WONG SULONG IN KUALA LUMPUR

THE Malaysian Government is to introduce several banking Bills in the current budget session of parliament aimed at giving it wide powers to crack down on abuses, including the power for Bank Negara, the central bank, to take over an ailing bank or financial institution.

Under the present law, Bank Negara can help a financially troubled bank only by being the lender of last resort, but under the proposed amendments to the Central Banking Ordinance of 1958, it would be empowered either to grant loans or buy control of a bank to save it from collapse.

The central bank would then nurse it back to financial health before selling off the shares to other parties which it thought were capable of managing the bank. This new power is intended to protect minority shareholders and depositors from abuses and malpractices by majority shareholders.

Malaysian bankers generally accept the need for such an amendment, but as the final draft of the Bill is still not available, they are uncertain about the full scope of central bank powers in this respect.

Bankers had objected to the original draft of the Bill, which would give wide discretion to Bank Negara in determining when a bank or financial institution is "incapable of meeting its financial obligations," and in setting the price to be paid for control of the bank.

A banking licence carries a high financial premium in Malaysia, but it is believed that in the takeover of a financially troubled bank, no such premium will be taken into account by Bank Negara.

It is understood, however, that a committee would be set up to advise Bank Negara on the acquisition of ailing banks and the subsequent disposal of their shares once they are financially sound.

Another amendment that is worrying to bankers is the proposal making it a criminal offence for bank directors and officers to exceed the limits of their lending powers. While this is designed to prevent an occurrence similar to the Hong Kong loans scandal, which culminated in the state rescue of Bank Bumiputra, bankers say the original draft amendment is so loosely worded that it gives enormous powers to the Finance Minister.

One banker said: "Under the amendment, the Finance Minister can, theoretically, end up as the chief operating officer of the banks because he can issue instructions to every director and officer as regards their lending limits and which areas they are supposed to lend."

Two other Bills — making amendments to the Banking and Finance Companies Acts—would limit future bank ownership to a maximum of 10 per cent for an individual or family, and up to 20 per cent for companies and co-operatives. This, however, will not apply to foreign banks which want to restructure in accordance with Malaysia's new economic policy, and foreign parent companies can still retain a maximum stake of 30 per cent.

Commercial banks and merchant banks are also prohibited from having cross-holdings in other commercial banks and in subsidiaries of other banks and finance companies which are not within the group.

Investments boost earnings at Wattie

By Dai Hayward in Wellington

WATTIE INDUSTRIES the New Zealand food group, has lifted net profits for the year by 33.5 per cent to NZ$61m (U.S.$35.6m). Most of the increase came from its investments in other leading New Zealand compaines.

Returns from investments in such companies as NZ Forest Products, the Goodman Group, and Waitaki NZ Refrigeration jumped 143 per cent to provide NZ$ 20.9m. Equity earnings from associated companies contributed NZ$ 30.5m.

The company is offering a one-for-five bonus issue and a final dividend of eight cents a share.

Company assets held in investments jumped from NZ$198m to NZ$336m. Wattie's biggest trading section is consumer foods, where its assets edged up NZ$ 6m to NZ$ 226m.

Returns from those companies in which it has stakes of between 24 and 30 per cent meant that Wattie's earnings from investments became its largest profitmaking sector for the first time.

The result was also helped by the absence of any tax bill. This was due to export incentives and those granted for developing new markets in Australia. Last year the company's tax bill was NZ$ 9.9m. Export incentives are now being phased out by the Government.

Wattie shares closed 3 cents down in Wellington yesterday at NZ$ 3.98.

Chinese provincial agency to issue Y10bn bonds

BY YOKO SHIBATA IN TOKYO

FUJIAN Investment and Enterprise Corporation plans next month to issue Y10bn ($46.4m) in samurai bonds, in what is believed to be the first public bond offering in Japan by a Chinese provincial financial agency.

Bank of China, the country's central bank, has tapped the yen-dominated market through a public offering in the past, while the Fujian agency came to the Japanese capital market in 1983 when it raised yen funds through a private placement, together with the China International Trust and Investment Corporation (Citic).

Reflecting the province's need to fund modernisation projects, the institution has decided to tap the samurai bond market through a public offering of 10-year bonds. The issue will be lead-managed by Nomura Securities, with the Bank of Tokyo as a main trustee bank.

The Japanese Underwriters' Association at the same time revealed that four yen-denominated samurai bonds are to be issued for a total of Y155bn in December. Citic is due to float a second series of 10-year bonds totalling Y30bn, while other issues planned are the Irish Government's sixth series 10-year bonds for Y20bn, the Swedish Government's ninth series 12-year bonds for Y75bn, and the Spanish Government's fifth series 10-year bonds of Y30bn.

The association said private placements of yen-denominated samurai bonds would reach a record Y32.5bn in October. The previous peak was Y30bn in June 1978.

Last week, the Turkish Tourist Development Bank issued Y7.5bn seven-year yen bonds by private placement and the Indian Industrial Finance Corporation signed ten-year bonds for Y5bn. Other small borrowers as Trinidad and Tobago (a seven-year issue for Y10bn) and the West Australian Energy Agency (a 10-year bond for Y10bn) are scheduled to sign this month.

Third-quarter slowdown at Matsushita Electric

BY OUR TOKYO STAFF

MATSUSHITA ELECTRIC Industrial, the leading Japanese electronics group, suffered a slowdown in growth both for consolidated sales and net profits in the third quarter to August 20 because of the maturity of the market for video cassette recorders (VCRs) and small potential demand for new products.

Net profits rose just 2 per cent to Y59bn ($273.5m). Income before tax and minority interests was Y163.9bn, up 5 per cent from the previous year, on group sales which at Y1,238.5bn showed a gain of 6 per cent from the Y1,173.1bn recorded in the previous year.

For the nine months, consolidated net earnings rose 12 per cent to Y186.8bn on sales of Y3,729.9bn, up 9 per cent from the previous year.

Kyodo adds from Tokyo: Akai Electric, the recession-hit maker of audio products, has announced a package of rehabilitation measures, including a tie-up with Mitsubishi Electric ranging from development to marketing.

Thai Shell in venture with state group

By Boonsong K'Thana in Bangkok

THAI SHELL EXPLORATION AND PRODUCTION, an exploration unit of the Royal Dutch/Shell Group, has reached agreement to farm out its oil concession in Thailand and to sell oil produced under it to the state-run Petroleum Authority of Thailand (PTT).

The joint venture, the first for a Thai agency, is to cost $US50m in the initial acquisition of a 25 per cent interest in Thai Shell's 5,012 sq km concession in the Central Plains, now producing about 20,000 barrels per day of light crude.

Under the agreement, PTT is entitled to boost its share in the acreage based on a formula linked to crude output. PTT can take as much as a 50 per cent stake if production exceeds 150,000 b/d.

Pricing of the oil is in line with that charged for the Phet crude which PTT has been buying from Thai Shell since January 1983, when production from Thai Shell's Sirikit field began.

The new formula, described as "permanent," is based on the average posting prices four crudes — Malaysia's Miri, Indonesia's Han Dil, Brunei's Seria, and Arabian light—but allowing an 8½ per cent discount. The current price, for domestic use, is around $25 a barrel.

INTL. COMPANIES AND FINANCE

Union Carbide takes $1bn special charge

BY WILLIAM HALL IN NEW YORK

UNION CARBIDE, the troubled U.S. chemicals group, reported a $543m after-tax loss in its third quarter after taking a $1bn special charge to cover the cost of its restructuring programme.

The charge is slightly larger than the figure given in late August at the time of the restructuring announcement. When added to the extra depreciation charge it means that third-quarter earnings have been depressed by $1.06bn on a pre-tax basis.

The after-tax impact is equivalent to $620m, or $8.81 a share.

Union Carbide lost $7.72 a share in the quarter, compared with net income of $1.09 a share in the same period last year.

The group says that leaving aside the impact of the special charges its 1985 third-quarter net earnings were unchanged at $77m, or $1.09 a share.

Restructuring costs hit Crown Zellerbach

BY OUR NEW YORK STAFF

CROWN Zellerbach, the U.S. West Coast forest products group controlled by Sir James Goldsmith, the Anglo-French financier, lost $84.6m in its third quarter after taking a $106.2m after-tax charge to cover restructuring.

Income before the charge for the three months to the end of September was $21.6m, or 64 cents a share, compared with $22.9m, or 70 cents. For the first nine months Crown lost $43.9m, or $2.04 a share.

The company says the restructuring charges "reflect the cost of further focusing the company on its core businesses and streamlining operations."

Mr William T. Creson, Crown Zellerbach's chief executive, said: "Although there were few bright spots in the marketplace during the quarter, Crown's operating results are encouraging compared with others in our industry."

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 22.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101⅞	102⅜	0	+0⅜	10.23
Amex Credit 12⅜ 88	150	106⅜	106⅞	−0¼	0	9.94
Atlant Rchfld 10¼ 00	250	95½	96	+1⅛	+1½	10.83
Australia Com 11¼ 00	100	103⅛	103⅜	−0⅛	+0¼	10.75
Australia Com 11 95	300	102⅞	103⅜	+0⅛	+1	10.45
BP Capital 11¼ 92	150	102¾	103¼	+0⅛	+0¾	10.42
Canada 11½ 90	500	105⅜	105⅞	0	+0⅜	9.83
Canadian Pac 10¾ 93	100	102⅜	102⅞	0	+0⅞	10.22
Canadian Pac 12½ 89	75	108¼	108¾	+0⅛	+0½	11.26
Chevron U.S.A. 12¼ 89	600	104⅝	105⅛	0	+0⅜	10.67
Citicorp 10 88	200	100⅜	100⅞	−0⅛	+0⅛	9.71
Citicorp 11½ 95	150	101½	102	0	+0⅛	11.17
Coca Cola 11¼ 91	100	106½	107	−0⅛	+0⅜	10.19
Denmark Kingdom 11¼ 89	100	103⅛	103⅝	0	+0⅝	10.03
Denmark Kingdom 11½ 90	100	103¾	104¼	−0⅛	+0⅜	10.32
Denmark Kingdom 11½ 92	100	103¼	103¾	+0⅛	+0¾	10.80
E.D.F. 10 95	225	95⅝	96⅛	+0¼	+0¾	10.69
E.E.C. 9⅝ 90	350	97⅞	98⅜	−0⅛	+0¼	10.12
E.E.C. 11⅛ 90	100	103¼	103¾	0	+0½	10.05
E.I.B. 12 95	200	107⅛	107⅝	+0¼	+0¾	10.70
Export Dev Corp 10 90	100	99¾	100¼	−0¼	+0¼	9.97
Export Dev Corp 12 88	100	105⅜	105⅞	+0⅛	+0½	9.92
Fed Dep Stores 10⅜ 95	100	97⅜	97⅞	+0⅛	+0¾	10.51
Ford Motor Cred 11⅜ 90	100	102¾	103¼	0	+0⅜	10.44
Ford Motor Cred 11⅜ 95	100	102¾	103¼	+0⅛	+0⅝	11.07
Ford Motor Cred 11¾ 92	100	103⅜	103⅞	+0⅛	+0⅝	10.91
Ford Motor Cred 12 95	100	104⅝	105⅛	0	+0⅜	11.11
Gen Elec Credit 10¼ 00	200	100¾	101¼	0	+0¼	10.10
GMAC 10¼ 89	200	100½	101	0	+0⅛	9.95
IBM Credit 10⅜ 2000	300	† 101¾	102¼	0	+0⅜	10.09
Kellogg Company 10⅞ 90	100	102⅝	103⅛	−0¼	0	9.98
Kellogg Company 11¼ 92	100	103¾	104¼	+0⅜	+0⅞	10.33
L.T.C.B. 12⅞ 91	100	109⅝	110⅛	−0¼	+0¼	10.57
Macy Cred Corp 11¾ 95	100	101⅝	102⅛	−2⅜	−1⅞	11.39
Merrill Lynch 12¾ 89	100	105½	106	−0⅛	+0⅛	10.87
Minnesota 11½ 87	100	103¼	104	−0⅛	0	9.40
Mitsui Trust 11⅜ 90	100	102¾	103¼	+0⅛	+0⅜	10.74
Morgan Guaranty 12⅜ 89	150	106¾	107¼	−0⅛	+0½	10.14
Pru Realty secs 12⅛ 95	546	108⅛	108⅝	−0¼	0	10.97
Qantas Airways 10⅜ 95	140	99	99½	+0¼	+0⅞	10.48
Quebec Hydro 11½ 92	100	105⅜	105⅞	+0⅛	+0⅞	10.33
Queensland Govt 10¼ 95	100	97¼	97¾	+0½	+1⅛	10.66
Ralston Purina 11¾ 95	150	104¾	105¼	0	+0⅝	10.86
Ralston Purina 12¾ 89	100	107½	108	0	+0⅜	10.28
Saskatchewan 10¾ 92	100	102	102½	+0⅛	+0¾	10.22
Saskatchewan 11⅞ 89	100	106¼	106¾	+0⅜	+1⅛	9.85
Statoil 10 90	170	99⅜	99⅞	+0⅛	+0⅜	10.08
S Wales Tray 11¾ 90	150	105⅛	105⅝	+0¼	+0⅝	10.17
Swed Exp Cred 10 92	100	97⅝	98⅛	0	+0⅝	10.44
Swed Exp Cred 12¾ 89XW	100	107	107½	−0¼	+0¼	10.37
Sweden Kingdom 10⅞ 90	200	102½	103	+0⅛	+0¾	10.06
Sweden Kingdom 11½ 89	200	104⅜	104⅞	−0⅜	+0⅜	10.06
Sweden Kingdom 11¾ 94	100	105⅜	105⅞	−0⅛	+0½	10.74
Tenneco Corp 10¾ 95	150	99⅞	100⅜	−0⅜	+0¼	10.71
Texaco Capital 10 95	300	93⅞	94⅜	0	+0½	10.99
Texaco Capital 11⅛ 95	250	101⅛	101⅝	+0¼	+0⅞	10.86
Tokai Asia 11½ 95	100	103	103½	−0¼	+0¼	10.91
United Tech Fin 10⅜ 95	100	99⅛	99⅝	0	+0¾	10.72
Victorian Rep 11⅛ 92	150	104	104½	0	+0½	10.06
World Bank 10⅛ 95	300	97¾	98¼	+0⅛	+0⅝	10.45
World Bank 12⅞ 94	200	111⅞	112⅜	+0⅛	+0¾	10.88

Average price change On day 0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	106	106½	+0⅛	0	7.03
Austria Republic 7⅝ 94	200	103½	104	−0¼	−0½	7.01
Baxter Travenol 7¼ 94	200	101¾	102¼	−0½	−0¼	6.92
Copenhagen 7⅜ 95	150	101½	102	−0⅛	0	7.19
Credit National 8⅛ 94	200	106½	107	0	0	7.02
E.I.B. 7¼ 94	300	101¾	102¼	0	+0¾	6.94
Eacom 8 92	150	96¾	97¼	−0⅞	−0½	8.61
Ex-Im Bk Korea 7⅜ 90	100	100½	101	+0¼	+0½	7.41
Ferrovie Dello Stato 8 91	100	103⅞	104⅜	+0⅛	−0⅛	7.05
Finland Republic 7 92	200	100¾	101¼	−0¼	0	6.79
Gould Int Fin 7⅜ 91	100	103	103½	−0¼	0	6.80
Ireland 8⅜ 92	150	105	105½	+0¼	−0¼	7.08
Japan Fin Corp 7⅜ 91	100	105	105½	−0⅛	−0¼	6.46
Mitsubishi Hvy 3½ 89WW	300	179½	181½	−0⅜	+4¼	−13.35
Mitsubishi Hvy 3½ 89XW	300	91⅛	92⅜	0	0	5.23
Mitsubishi Met 3⅜ 89WW	100	105¾	106	0	+0⅛	1.29
Mitsubishi Met 3⅞ 89XW	100	90½	91¼	0	−0⅛	5.94
Quebec Hydro 7⅛ 95	200	101¼	101¾	−0¼	0	6.90
Renfe 7¾ 95	100	102½	103	0	+0½	7.38
Soc Cent Nuclear 7¼ 95	150	102	102½	0	+1	6.92
Societe Cent Nuclear 8 91	100	106⅜	106⅞	+0⅛	+0⅜	6.56
Sth African Tran 7⅞ 92	100	94⅛	94⅝	−0⅜	−0⅛	8.72
World Bank 7 95	600	100½	101	−0½	+0¼	6.89
World Bank 7¾ 88	100	103⅜	103⅞	+0⅛	+0⅛	6.46

Average price change On day −0⅛ on week +0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon Cap Corp 5⅝ 94	130	† 100	100¼	−0¼	−0½	5.36
Brit land Comp 6½ 89	75	† 105½	105¾	+0⅞	+0½	5.90
Council of Europe 6 92	120	† 102½	102¾	+0⅜	−0¼	5.54
Creditanstalt 5½ 94	100	† 100	100¼	0	−0¼	5.48
Deutsche Bk Fin 5⅛ 95	100	† 102¾	103	0	−0¼	4.98
E.I.B. 5⅞ 94	120	† 102	102¼	−0⅛	0	5.57
Gen Occidentale 6½ 94	80	† 102½	102¾	−0¼	−0½	4.15
Glendale Fed.S&L 5½ 95	100	† 97¾	98	−1¼	−1¼	5.79
Ind Fund Fin 5¾ 94	40	† 101	101¼	−0⅝	−0¼	5.59
Int-Am Dev Bk 6⅛ 94	120	† 103	103¼	0	0	5.67
N.Zealand steel 5¾ 96	70	† 100	100¼	+0¾	0	5.73
Oberoi Hotels 5⅛ 95	100	† 99½	99¾	0	−0½	5.42
Olivetti Intl 5½ 95	100	† 100½	100¾	−0⅜	−0⅜	5.41
Pepsico 5¼ 95	130	† 101	101¼	−0⅝	−0⅝	5.09
Ralston Purina 5⅜ 94	125	† 101	101¼	−0½	−0½	5.21
Sanwa Finance Ltd 6 94	130	† 100	100¼	+0⅜	−0⅛	5.98
Tokyo Elec Pwr 5½ 93	120	† 100	100¼	0	−1½	5.47
Tokyo Metropolis 5¼ 94	80	† 100½	100¾	0	0	5.16
World Bk 5¾ 94	150	† 102	102¼	−0½	−0½	5.45

Average price change On day −0⅛ on week −0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100⅛	100⅝	−0¼	+1	6.64
Gdyr Tr & Rubber 7⅛ 95	25	99⅞	100⅜	−0⅜	+0¾	7.10
Mort Bk Denmark 7 92	10	100⅝	101⅛	−0¼	+0½	6.82
New Brunswick 7⅛ 95	10	101¾	102¼	−0¼	+0½	6.83
Swed Exp Cred Zero 90	14	72⅜	72⅞	−0⅛	+0⅛	6.70

Average price change On day −0¼ on week +0⅝

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aust Gas & Light 13 92 $A	50	98¾	99¾	+0⅝	+0⅜	13.15
GMAC 12⅞ 88 A$	35	97	98	+0⅜	0	13.85
Kellogg Co. 12¾ 88 A$	30	96⅝	97⅝	+0½	+0⅜	13.99
Midland Int'l 13⅛ 90A$	50	98¾	99¾	−0¼	−0⅜	12.56
Amex 10¾ 90 C$	50	100⅝	101⅛	+0⅜	+1⅜	10.47
CIBC 10¾ 90 C$	75	† 101¼	101¾	+2½	+3½	10.34
Genstar Fin 11¾ 95 C$	75	99⅜	99⅞	+0⅜	−0⅜	11.79
Hamil-Went'th 10¾ 95C$	25	† 93½	94½	0	−1	11.90
Montreal 11½ 95 C$	75	† 102⅝	103⅛	+0¼	+0¼	10.96
Sears Acc. Co 10⅜ 92C$	75	† 96	96½	+0½	+1⅛	11.43
Winnipeg City 10⅜ 90C$	50	101½	102	0	+1¾	10.11
Chrysler Fin Corp 17 90NS	65	92	94	+0½	+0¼	18.29
K.O.P. 16¾ 91 NS	50	88½	89½	0	0	19.62
Privatbanken 15⅜ 88 NS	50	95½	97	−0¼	−0¼	18.09
B.N.P. 8⅞ 95 ECU	75	98⅝	99⅛	+0¼	−0⅛	9.02
IBM Wld Trade 8¼ 90ECU	150	99⅜	100⅛	+0⅜	+0¼	8.30
Sec Pac Aust 8¾ 90 ECU	100	98¼	98¾	+0⅛	0	9.13
Honda Motor WW 3⅞ 90FL	100	102½	103	0	+0¼	3.19
Honda Motor XW 3⅞ 90FL	100	86⅛	86⅝	0	−0⅜	7.02
Thyssen 7¼ 90 FL	50	101	101½	0	0	6.83
Wereldhave 7½ 90 FL	75	101¼	101¾	0	−0¼	7.11
Wessanen 6¾ 90 FL	50	98⅛	98⅝	0	−0⅛	7.15
S.N.C.F. 11 2000 FF	500	100½	101	+0⅛	+1⅜	10.89
Australia Comm 11 92 £	40	100⅝	101⅛	+0⅛	0	10.77
BP Capital 10¾ 92 £	50	100¼	100¾	+0⅛	+0¼	10.64
E.I.B. 11⅛ 93 £	50	100¾	101¼	0	+0¼	10.90
GMAC UK Fin 10½ 90 £	30	99	99½	0	+0¼	10.68
Imp Chem Inds 11¼ 95 £	75	101¼	101¾	+0⅛	+0⅜	10.99
Imp Chem Inds 10¾ 92 £	75	98⅝	99⅛	0	+0⅛	10.98
Mcdonalds 10⅞ 90 £	40	100⅞	101⅜	−0¼	+0⅛	10.51
Mitsubishi Fin HK 11 90 £	50	99¾	100¼	0	0	10.96
Privatbanken 11⅞ 92 £	20	101½	102	0	0	11.44
Rank Xerox 11 92 £	40	100¼	100¾	+0⅛	+0¼	10.86
Royal Ind 10¾ 92 £	60	96⅛	96⅝	+0⅛	+0¼	11.86
Star Drug Cap 10⅞ 90 £	30	100⅜	100⅞	0	+0¼	10.65
Tricentrol XW 11 92 £	35	96½	97	−0⅛	0	11.79
Trusthouse Forte 11⅛ 90£	50	99⅞	100⅜	0	0	11.05
World Bank 11¼ 95 £	100	101¾	102¼	+0⅛	+0⅛	10.86
E.C.S.C. 10½ 94LF	100	105¼	106¼	+0⅜	+1	9.49
Nat Lux Alum 10½ 92 LF	600	103¾	104¾	−0¼	−0¼	9.62

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	† 99¾	100	28/10	8.1	8.11
BankAmerica O/S 5¼ 95	0⅛	100⅛	100⅜	30/12	8⅛	8.10
Bankers Trust 5 2000	0	99⅞	100⅛	11/12	8.44	8.44
B.F.C.E. 5¼ 99	0⅛	100¼	100½	13/12	8¾	8.72
B.N.P. 5¼ 95	0	101⅜	101⅝	10/1	5¼	5.17
B.N.P. 5¼ 96 (July)	0¼	100	100¼	22/1	8¼	8.24
B.N.P. 5¼ 99	0⅛	100⅛	100⅜	5/6	5¼	5.24
Britannia 5 93	0⅛	99⅞	100⅛	8/1	5	5.00
C.C.F. 5¼ 97	0	99¾	100	28/10	8.19	8.20
Chase Man'tn 5¼ 2009	0⅛	99⅞	100⅛	5/12	8.44	8.44
Credit Lyonnais 5¼ 96	0⅛	100⅝	100⅞	11/10	9.69	9.62
Credit Lyonnais 5 00	0	100⅛	100⅜	10/1	5	4.98
E.E.C. 5 90	0	99⅝	99⅞	8/1	5.06	5.08
E.N.E.L. 5 00	0⅛	100⅛	100⅜	1/3	5	4.99
Iceland 5¼ 00	0⅛	99⅝	99⅞	11/1	5¼	5.26
Ireland 5¼ 97	0	100	100¼	25/10	9.89	9.88
Ireland 5¼ 89	0	100¼	100½	16/3	8.94	8.90
Lloyds Bank Perp	0¼	100⅛	100⅜	8/12	8	7.98
Midland Bank Perp 5	0¼	100	100½	19/12	8⅛	8.10
Nat West Perp A 5¼ S	0¼	100	100¼	9/1	8¼	8.24
Nat West Perp B 5¼ S	0¼	100	100¼	10/2	8.91	8.90
New Zealand 5 97 £	0	99¾	100	14/11	11.56	11.58
Roy Bk Canada 5 2005	0⅛	99⅞	100⅛	7/10	8¼	8.25
Roy Bk Scot 5½ 2005 £	0	99⅛	99⅜	1/11	11.69	11.78
United Kingdom 5 92	0	99⅞	100⅛	7/7	5	5.00

Average price change On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	132	133	+0½	10.09
Comcast 7 2000	12/85	23.875	† 104¾	105¾	−0½	27.23
Fanuc 3¾ 98	1/84	7032.3	102½	104	+0⅞	60.62
Fuji Hvy Inds 3 2000	8/85	676	98	99	−1⅛	3.37
Fujitsu 3 99	5/84	1320.9	93¼	94¼	+0⅛	17.26
Kumagai Gumi 3½ 2000	3/85	800	100⅛	101⅝	−4¼	5.95
Marui 3½ 99	7/84	1162	146⅝	147⅝	+0½	2.35
Mitsubishi Elec 2⅞ 00	3/85	422	101⅛	102⅛	0	0.26
Murata 3½ 2000	7/84	2398	103⅞	104⅞	+0⅞	25.06
Nippon Elec 2⅞ 2000	1/85	1295	100½	101½	+3½	47.16
Nippon Oil Co 3 2000	5/85	923	94⅜	95⅜	+0⅛	−1.59
Oki Elec Ind 3½ 99	10/84	805	93⅝	94⅝	+0¼	28.81
Orient Leasing 5¼ 98	6/83	2880	103	105	−0½	−3.18
Sekisui House 3 99	6/84	612	159⅞	161⅜	−3⅛	−0.50
Sumitomo Bank 2¾ 2000	8/85	2142	98½	99½	−0⅝	7.52
Sumitomo Corp 2⅞ 99	5/84	593	137¾	139	−0⅞	−0.68
Taiyo Yuden 3¼ 2000	3/85	1078	† 91	93	−1	−3.91
Takeda Riken 3⅜ 2000	10/84	7883	† 86	88	+1	16.82
Tokyo Sanyo Elec 3½ 99	12/84	772	93¾	94¾	+0⅛	4.89
Toshiba Ceramics 3 2000	4/85	1734.2	87⅝	88⅞	+1⅛	5.19
Nippon Oil Co 2⅝ 92 SF	3/84	1052	† 101	101½	+0⅛	31.98
Nippon Shinpan Co 2 92 SF	3/84	801	† 112½	113	+1½	14.33
Asics 5 92 DM	12/83	520	106⅛	107⅛	−0¼	17.57
Renown 3⅛ 90 DM	3/85	575	100½	101½	+0⅛	−2.86
Sum Realty 6¼ 92 DM	2/83	338	† 360	361	−3¼	−3.64

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte — Date next coupon becomes effective. Spread — Margin above six-month offered rate (‡ three month; § above mean rate) for U.S. dollars. C.cpn — current coupon. C.yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

North American quarterly results

CANADA PACKERS
Food processing

Six months	1985-86 C$	1984-85 C$
Revenue	1.5bn	1.5bn
Net loss	15.9m	7.7m
Loss per share	1.31	0.64

CAPITAL CITIES COMMUNICATIONS
Broadcasting, publishing, cable TV

Third quarter	1985 $	1984 $
Revenue	248.2m	229.8m
Op. net profits	33.4m	30.6m
Op. net per share	2.55	2.36
Nine months		
Revenue	747.1m	687.2m
Op. net profits	102.4m	97m
Op. net per share	7.93	7.46

CONSOLIDATED FREIGHTWAYS
Trucking, air freight

Third quarter	1985 $	1984 $
Revenue	485.5m	437m
Net profits	23.7m	20.5m
Net per share	0.93	0.78
Nine months		
Revenue	1.39bn	1.24bn
Net profits	57.3m	53.1m
Net per share	2.24	1.98

HASBRO
Toys and games

Third quarter	1985 $	1984 $
Revenue	371.4m	275.6m
Net profits	37.9m	18.5m
Net per share	1.32	0.94
Nine months		
Revenue	908.9m	467.5m
Net profits	79.5m	37.1m
Net per share	2.87	2.02

HOLIDAY CORP.
Property, casinos and restaurants

Third quarter	1985 $	1984 $
Revenue	469.8m	473.9m
Net profits	50.82m	49.71m
Net per share	1.87	1.37
Nine months		
Revenue	1.39bn	1.33bn
Net profits	116.73m	110.44m
Net per share	4.07	3.60

HUGHES TOOL
Oilfield drilling bits and services

Third quarter	1985 $	1984 $
Revenue	312.5m	318.1m
Net profits	1.80m	4.49m
Net per share	0.03	0.08
Nine months		
Revenue	947.3m	877.9m
Net profits	3.53m	†145.2m
Net per share	0.06	†2.60

† Loss

PACIFIC GAS & ELECTRIC
Utility

Third quarter	1985 $	1984 $
Revenue	2.17bn	2.02bn
Net profits	278.2m	232.4m
Net per share	0.72	0.61
Nine months		
Revenue	8.5bn	7.3bn
Net profits	1.04bn	897.8m
Net per share	2.71	2.40

POLAROID
Instant photography

Third quarter	1985 $	1984 $
Revenue	289.9m	307.8m
Net profits	14.8m	1.7m
Net per share	0.48	0.06
Nine months		
Revenue	880m	894.7m
Net profits	16.9m	15.4m
Net per share	0.55	0.50

SINGER
Sewing machines, defence products

Third quarter	1985 $	1984 $
Revenue	533.7m	605.2m
Net profits	12.4m	11.5m
Net per share	0.62	0.58
Nine months		
Revenue	1.78bn	1.84bn
Net profits	54.4m	44.9m
Net per share	2.82	2.34

SOCAL EDISON
Utility

Third quarter	1985 $	1984 $
Revenue	1.45bn	1.41bn
Net profits	192.1m	179m
Net per share	0.88	0.86

Continued on Page 37

VW-Audi accelerates towards top place in European car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Volkswagen-Audi group will sell a record 1.35m cars in western Europe this year, says Dr Werner Schmidt, the sales and marketing director.

He hopes this will give VW-Audi top place in European car sales for the first time in its history.

Capacity constraints might still prevent the group taking the championship title from Ford, last year's winner. VW-Audi's car plants are straining at the seams and it wanted to gain a little more production by working a six-day week on the lines making its best-selling Golf.

However, the unions are embroiled in a campaign to persuade the West German Government to take action to create more jobs by, among other things, banning overtime working. So they have rejected a plan for Saturday working which would have added another 3,000 Golfs a week to VW-Audi's output.

Dr Schmidt admits he would be disappointed if VW-Audi did not win the European championship. "It means a great deal in terms of motivation for our employees and our dealers."

The group's current sales surge has been created mainly by the new Golf. Although criticised at the time of its launch as being visually too much like its predecessor, the Golf has proved to be the fastest-selling car in European history, achieving 1m sales in only 24 months.

The Golf and its booted version, the Jetta, will account for 51 per cent of this year's record European VW-Audi sales; more than 688,000 will take to the roads.

This is far ahead of VW-Audi's own expectations. For example, in June, 1984, the group predicted Golf-Jetta sales would reach an annual figure of almost 500,000 in Europe.

Last year VW-Audi sold a total of 1.22m cars in Europe to take third place in the manufacturers' league (Fiat was second), while the Golf/Jetta was the best-selling car with 539,000 registrations.

Dr Schmidt argues that VW-Audi's example shows there is really no excess car production capacity in western Europe as a whole, in spite of some claims that the industry could produce another 2m cars compared with an annual output of about 10m.

He insists the industry needs 5 per cent to 10 per cent of surplus capacity in a normal year — such as 1985 — so that it can match peak demand. From time to time individual manufacturers did suffer from excess capacity, however.

Dr Schmidt suggests that the main difficulty for European industry is that manufacturers are not charging enough to pay for the extra capacity they need to hold in reserve.

Dr Schmidt says the U.S. remains the brightest spot on VW-Audi's world sales map and the Latin American markets, Brazil and Mexico, the darkest

And he lays the blame squarely on the battle for supremacy in Europe between the two U.S. multinationals, Ford and General Motors (the Opel/Vauxhall group). However, Dr Schmidt says that in recent months there seems to have been a marked change of approach by the two American groups and that they seem now to be more interested in profitable sales rather than in achieving the highest possible market share in Europe.

Dr Schmidt says the U.S. remains the brightest spot on VW-Audi's world sales map and the Latin American countries, Brazil and Mexico, the darkest.

The company will sell about 220,000 VW cars in the States this year (including about 70,000 Golfs made in the U.S.) plus 70,000 to 80,000 Audi models. He refuses to be drawn into giving too many details about the low-priced model VW intends to import into the States from its Brazilian subsidiary, because the vehicle will not go on sale until the end of 1986.

The price of the Brazilian car will be "well below the $7,000 we charge for the cheapest Golf in the States," he adds. The introduction of the model should help VW dealers resist the temptation to take on some of the franchises for the very low-cost cars on offer in the U.S.: from Hyundai of South Korea and Yugo of Yugoslavia, for example.

Dr Schmidt claims: "Our 900 dealers in the States could live without the Brazilian car—but they will live a little better with it."

He makes it clear that the major reason for the venture is VW's commitment to the Brazilian government to export from that country.

The U.S. business will also help VW's Brazilian car plants cover some of their overheads at a time when the recession in that country's domestic market seems destined to continue for some years. Total Brazilian car sales are running at an annual 800,000 whereas the industry has the capacity to produce at least 1m.

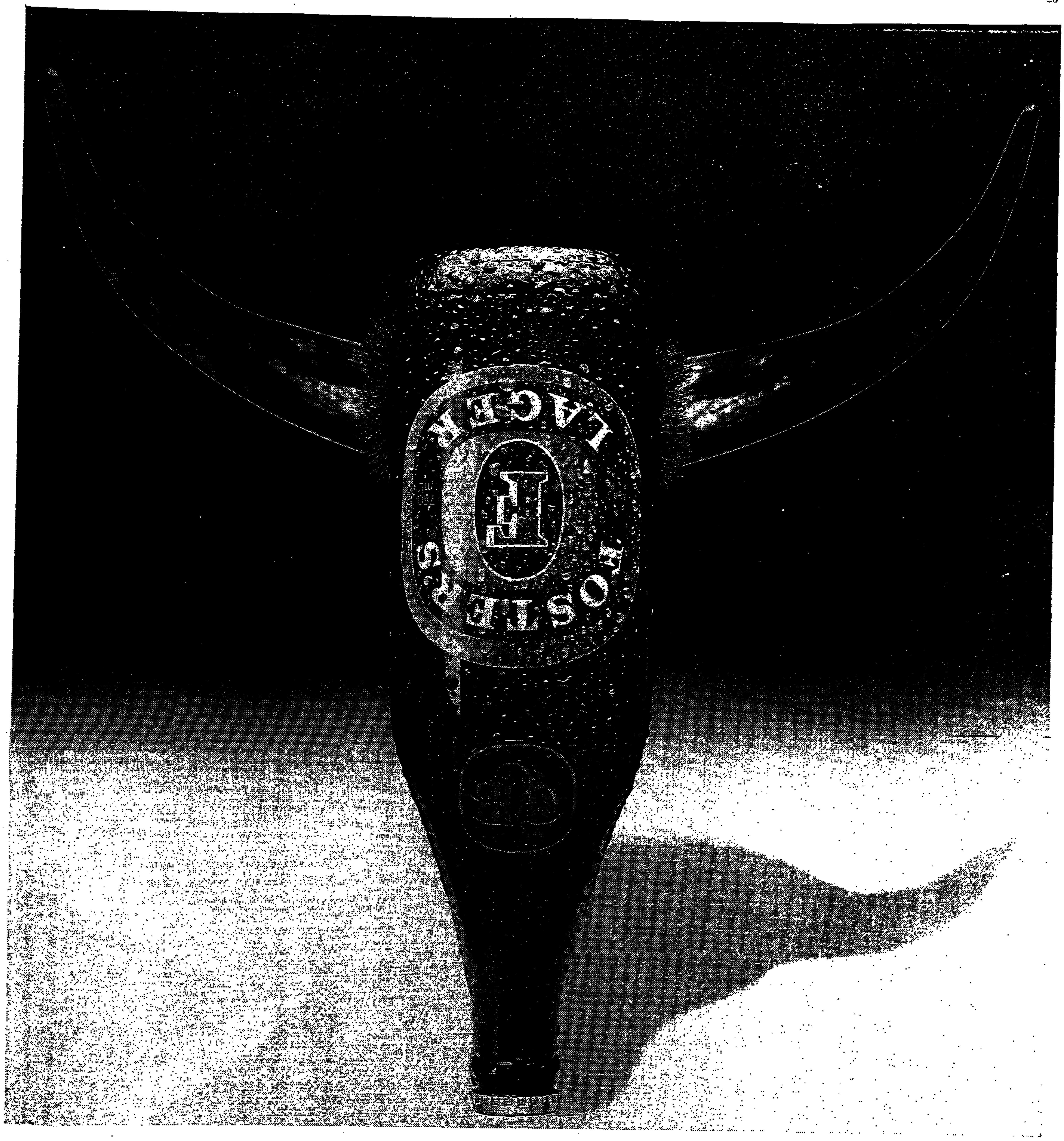
Herr Hans Hungerland, export sales manager for VW and Audi cars, says that sales of the Santana, built for the group by Nissan in Japan, will fall this year from 17,400 to about 15,000—but are expected to hold that annual level.

Sales of imported VW and Audi cars in Japan should also remain at about 20,000 a year so that the group holds—and is determined to maintain—a 1 per cent share of the Japanese car market.

VW's car production venture in China has suffered some slight setbacks as a result of the Chinese government's recent economic clamp-down and restrictions on foreign currency dealings, Herr Hungerland reveals.

However, VW still expects to produce 30,000 Santana models in China in 1987 as originally intended. Assembly of Audi 100 models at the rate of 1,000 a year has been postponed a few months to early 1986.

VW aims for the U.S. market with an updated GTI model



Back in Oz we're known for our bottle. At MacDonalds we're known for our beef.

We've turned Australia's favourite liquid into a major marketing success in 80 countries worldwide. But Foster's is by no means our only success. Our spread of activities underlines the scope of our management. Like providing the meat for MacDonalds' hamburgers in Hong Kong. Like running a pan Asian banking network from Singapore. Like handling over a third of the world's traded wool. Our International Group is a broadly based worldwide trading house dealing in agricultural, resource, industrial and consumer products. Our Pastoral Group contributed even more to our turnover than our Carlton brewery division. In 1985 Group turnover was up 25% and net profits after tax were up 50% with all divisions showing strong growth. Success over such a broad sphere of activities is proof of the depth and strength of our management team, a team that's committed to growth through development, expansion and acquisition. No wonder we're feeling bullish.

Elders IXL

THE AUSTRALIAN FOR LARGER

UK COMPANY NEWS

Harris Queensway advances 16.5%

BY MARTIN DICKSON

Harris Queensway, the stores group headed by Sir Philip Harris, yesterday reported a 16.5 per cent increase in interim pre-tax profits (including profits on property sales) and announced a deal to buy out Debenhams' minority stakes in their three joint venture companies.

Harris Queensway's pre-tax profits of £14m in the six months to June 23 compared with £12.02m in the same period of last year and market expectations of about £13.5m. The shares closed at 262p, up 8p on the day.

However, the figure includes profits on property transactions of £1.01m (£364,000).

The company also disclosed plans to more than double sales to £1bn over the next five years, with the major growth coming from the electrical side.

The joint ventures with Debenhams were set up in June last year, with Harris paying £10m for a 51 per cent stake in two companies operating inside Debenhams stores — Debenhams Furnishings and Greens Leisure Centres—and in an electrical retail chain, The Ultimate Electrical Company.

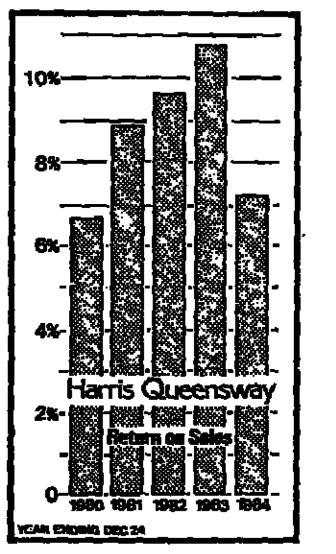
Debenhams, which was acquired by Burton Group in August after a bitter takeover battle, has now agreed in principle to sell its stake to Harris for between £7.5m and £10m. It is also entering new concession agreements with Harris.

Sir Philip, together with Mr Gerald Ronson of Heron International, played a crucial role in the takeover battle, casting a vital stake in favour of Burton.

He yesterday denied that the new deal had been agreed with Burton at the time of the takeover. He had backed Burton purely because he considered it the better retailer.

Sir Philip said yesterday's agreement would mean Harris would be able to integrate the three companies more closely with other parts of the group. He saw particular benefits arising from the integration of Rayford Supreme Holdings, which Harris bought in July, with its two other electrical companies, Greens and Ultimate.

The joint-venture companies made £570,000 trading profit in the first half, against losses of £4.46m, while they were operating last year. Interest charges reduced the figure to breakeven on sales of £44m, but Sir Philip said he would be looking for turnover next year of £130m from these operations.



The six-month figures were produced on turnover up from £133m to £192m. Attributable profits total £8.26m (£6.95m) and earnings per share are 6.02p (5.06p). There is an interim dividend of 1.40p (1.25p).

Sir Philip said trading conditions in the first half were affected by bad weather and increases in interest and mortgage rates, but spending on electrical goods had generally been more buoyant throughout the period and there was some improvement in spring and early summer in the carpet and furniture divisions.

Trading since June had seen some improvement, apart from normal seasonal factors, and the company anticipated this continuing through the coming months, assisted by falling interest rates. It had every confidence of achieving satisfactory results for the 13 months to January.

The company is changing its year-end to January 26 from December 24 for operational reasons.

See Lex

Jaguar takes first step towards U.S. quotation

BY DAVID GOODHART

Jaguar yesterday took the first step towards an over-the-counter quotation in the U.S. when an EGM approved a minor amendment to its articles of association.

Between 30 and 40 per cent of Jaguar shares are held by U.S. investors and to facilitate the buying and selling of its shares the company will later this year be listed with the nationally quoted National Association of Security Deals in Automated Quotations (NASDAQ).

At present its shares trade in the U.S. in the form of American Depositary Receipts—certificates issued by a bank stating that a specific number of company's shares have been deposited with it.

Jaguar shares now trade through four separate American banks but in order to join NASDAQ it has to limit itself to one—in this case an unnamed New York bank.

When that bank becomes the sole dealer it will nominally hold over 15 per cent of Jaguar's shares. However, when the company was sold back to the private sector by BL in 1984 steps were taken o prevent hostile take-overs for three years —including limiting individual holdings to less than 15 per cent.

DIVIDENDS ANNOUNCED

Abbey Life ....int	2.2	Nov. 29	—	—	—
B & A Film ....int	1.7	Dec. 6	1.51	—	4.73
Benlox Hldgs. ....int	0.5	Nov. 29	0.5	—	1.1
English Nat. Inv. Pf. int	3.3	—	3.1*	—	7.7*
English Nat. Inv. Df. int	0.85	—	0.65*	—	2.88*
Irish Glass	1.5	—	nil	1.5	nil
Klark-Teknik	0.6‡	—	—	0.6	—
Lee Cooper ....int	1.4	Nov. 28	1.4	—	3.68
Precious Metals Tst. ...	0.55	—	0.55	0.55	0.55
Harris Queensway† int	1.4	Jan. 2	1.25	—	4
Walter Runciman ...int	2.5	—	2.5	—	5
Silentnight ....int	nil	—	—	—	2.75
Silvermines ....int	2	Dec. 31	1.6*	—	3.2*
Wolseley-Hughes	8	Jan. 31	6.08*	11	8.75*

Dividends shown pence per share except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Smith New Court to form Australian subsidiary

Smith New Court, a wholly-owned subsidiary of London stockjobber Smith Bros., is to form an Australian offshoot to trade on the Melbourne Stock Exchange.

The company will be called Smith New Court Australia, and is to be formed in conjunction with Mr John Cousens and Mr Derek Growns, former partners of the Australian stockbroker Eric J. Morgan. The formation is subject to regulatory permission and to stock exchange permission in London and Melbourne.

Smith New Court was formed as an international dealership in joint venture with N. M. Rothschild, the London merchant bank. After a period of losses, however, Smith Bros bought back Rothschild's 49 per cent stake.

Rothschild retains a 24 per cent stake in the jobber itself, despite speculation in some quarters that the link was likely to dissolve. Smith Bros. has also formed a link with Scott Goff Layton, stockbroker.

Underwoods offer

Underwoods, chemist, is being brought to the stock market by Morgan Grenfell, which is offering for sale by tender 6.8m shares, representing 25 per cent of the company, at a minimum price of 115p a share.

The group, which runs 35 stores, mainly in Central London, made profits of £1.6m in the year to January 1985 on sales of £29.8m. In the present year, the company forecasts profits will be not less than 2.3m, which, at the minimum tender price, implies a prospective earnings multiple of 20.5.

The full prospectus will be advertised tomorrow, and the application list opens on October 29. Brokers to the issue are Hoare Govett.

Peachey debenture

Peachey Property is raising £20m through the placing of £20m first mortgage debenture stock 2015. The group has been expanding rapidly, and in May bought a portfolio of properties from Lloyds Bank Property Company for £28m, about £15m of which was funded by bank borrowings.

In the company's annual report, published yesterday, Sir Charles Ball says: "We are actively looking to enlarge our property development programme as well as seeking additional investment properties for purchase."

The stock carries a coupon of 10.75 per cent an is priced at £98.433 to yield 10.932 per cent Dealings in the stock, which is £25 partly paid, will begin on October 24.

William Morris downturn at midway

William Morris Fine Arts, the sculpture castings and wallpaper manufacturer, suffered a sharp profits downturn in the first half of 1985 and has terminated all the ongoing ranges of Leyland Wallcoverings, which was acquired only a year ago.

Group profit margins were considerably lower with higher turnover of £6.47m, against £2.45m, producing a slightly higher operating profit of £362,000 compared with £350,000.

In addition, interest charges soared from £4,000 to £156,000 leaving the taxable result well down at £192,000 against £346,000 — amortisation of goodwill accounted for £14,000.

Below the line — tax took £74,000 (£129,000) — there were net extraordinary and exceptional debits of £575,000 (£108,000) giving a retained loss of £457,000 (£56,000), which has depleted reserves and again prevented dividend payments.

These charges were higher than forecast, says Mr Trevor Barker, the chairman. "We accelerated the rationalisation of the Leyland operation into the first half of 1985 and took some substantial costs in the interest of quickly integrating the two operations.

"The Leyland ranges proved to be substantially less acceptable in the market place than anticipated and resulted not only in uneconomic run sizes but also restricted our ability to service our customers with the new and popular ranges."

These reasons, he says, led to the termination of Leyland ranges at the end of last month which will "inevitably affect the second half of 1985."

Elsewhere, the foundry division has secured further orders and the company is working upon a system of more economic production of "such a substantially increased order book."

Despite the problems, he says "we feel that we now have an economic, broad based business with all the considerable potential for 1986 and onwards. I view the future with optimism."

● **comment**

There might be few regrets at having bought Leyland Paint's wallpaper division but had William Morris's directors known what was in store they might at least have negotiated a keener price. Anyway, as these figures show, it is not so much a case of biting the bullet as sinking the corporate teeth into a howitzer shell. For the full year Leyland has set Morris's profits back by around £1m pre-tax while lower down extraordinaries and exceptionals could take out more than £750,000 of earnings. Not surprisingly the share price cascaded down to 25p yesterday. It now stands at just 5p above the original placing but looking beyond 1985, where profits will do well to better £400,000, Morris has put together an efficient wallcovering plant capable of taking a fifth of the UK market in terms of volume. If sales of £10m this year can be increased to £15m in 1986 and, say, £23m in 1987 pre-tax profits could then jump to £2m-£2¼m and £3m-£3¼m. The earnings multiples, on the lower predictions, drop to 6 and then 4 assuming a 35 per cent tax charge. Such forecasts obviously assume "ideal world" conditions but Morris could be one of the cheapest stocks around for those who have the time to wait a while.

Abbey Life pays forecast dividend

Abbey Life Group is paying the 2.2p interim dividend that it forecast in June's offer for sale prospectus of 135m ordinary shares.

The company also reports that since June sales have been marginally lower than expected at the time of the prospectus, but the directors are confident that sales performance for the whole year will be similar to 1984 when total new premiums amounted to £223.9m and total new commissions were £45.5m.

As known new initial commissions for the first half of 1985 were static at £24.1m. Both periods were affected, beneficially, by the impact of Government Budgets — total new premiums for the first half amounted to £97.1m (£114.4m) and premium income was slightly lower at £184.1m (£186.9m).

Britoil closing date

Lazard Brothers reminds shareholders that the second and final instalment of 85p per share on the partly-paid ordinary shares of Britoil must be received by 3 pm on Friday November 1. Payments for £10,000 or more must be in cleared funds by that time.

Holders are warned that failure to pay the final call may mean forfeiting the shares and receiving no payment of the first instalment.

Wolseley-Hughes climbs by 21% to record £31.5m

EXCELLENT results achieved in the U.S. have enabled the Wolseley-Hughes group of manufacturing and distribution companies to lift its pre-tax profit by 21.4 per cent, from £25.95m to £31.49m in the year ended July 31 1985.

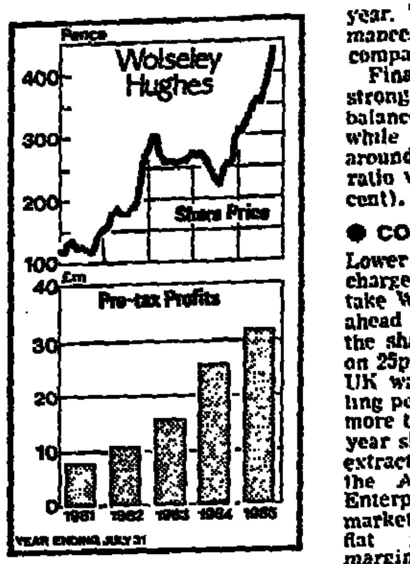
Shareholders enjoy a dividend rise from 8.75p to 11p net (equal to 25.7 per cent), the final being 8p. Normal policy is to keep increases at least in line with inflation but the directors have gone above that this time in view of the significant improvement in results and the unusually large cover.

As a further expression of confidence they are recommending a one-for-four scrip issue.

Mr Jeremy Lancaster, the chairman and managing director, says the results represent the group's third successive record, and were in the main attributable to Ferguson Enterprises in the U.S., the distributor of plumbers' supplies. It now operates from 93 locations compared with 54 when it joined the group in mid-1982.

Group turnover in the year rose from £445.2m to £527.1m while the trading profit, before interest charges, was up from £28.32m to £33.42m. Contributors were UK distribution £223.25m (£217.69m) and £15.72m (£15.27m), U.S. distribution £258m (£181.53m) and £13.35m (£9.14m), engineering and plastics £23.6m (£24.38m) and £2.75m (£2.05m), agricultural machinery £22.25m (£21.6m) and £1.6m (£1.88m).

Mr Lancaster says expressed in dollars Ferguson's sales rose by nearly 23 per cent while its profit before tax improved by over 28 per cent. U.S. profits continue to be translated at average exchange rates, and this benefited the group by £1.5m. Had year-end rates been used profit would have been about £1.6m lower.



In a quiet market, much affected by VAT on building materials, Wolseley-Hughes Merchants opened a further 14 outlets and achieved a marginal increase in sale and profits. KS Pipeline Supplies continues to improve while Uni-Rents, the plant hire company, had a record year. There were mixed performances from the farm machinery companies.

Financial position remains strong. At the year-end sterling balances had improved by £3.8m while dollar borrowings were around $2m lower. The gearing ratio was 11.1 per cent (20.6 per cent).

● **comment**

Lower than expected interest charges in the second half helped take Wolseley-Hughes about £1m ahead of most expectations and the shares responded by putting on 25p to reach 443p. While the UK was a little dull, the sparkling performance of the U.S. side more than made up. The coming year should see greater effort at extracting a better margin across the Atlantic, where Ferguson Enterprises now challenges for market leadership. For, if in a flat year, UK distribution margins are 7 per cent, then we should see closer to 6 per cent reached in the U.S. fairly soon. The success in America is clearly making the group consider another purchase so as to achieve its ideal balanced spread of assets—currently 60 per cent are in the UK. Canada is a possible area for expansion. In the coming year profit growth will be held back by currencies and the failure of the recent UK acquisition, Plumb Centres, to contribute anything. Nevertheless £35m is forecast, which has the shares on a prospective p/e of just over 9 with a 37 per cent tax charge. Surely too good to be left alone for long.

Strike puts Silentnight in red

MAINLY AS a result of a strike at its largest subsidiary, Silentnight Holdings has experienced a near £2m turnround in the half year ended August 3 1985—from a profit of £1.1m to a first-ever loss of £820,000. The interim dividend is omitted, against 1p last time.

The strike was at Silentnight Beds. But business is steadily returning to normal production levels, which should be reached in the second half.

As to the group as a whole, including Silentnight Beds, chairman Mr Tom Clarke says most have a good order book. "We believe the worst is over and a modest profit is achievable in the second half but it is too early to forecast the final outcome for the year."

As well as the strike, Mr Clarke says trading conditions were difficult. Increasing costs, especially of raw materials, have put margins under pressure and made it necessary to impose price rises.

Turnover in the half year fell from £37.75m to £32m and the trading loss came to £555,000, compared with a profit of £1.39m. After tax £160,000 (£295,000 credit) the net loss is £980,000 (profit £1.4m), equal to 2.18p (3.1p) per share.

For the whole of 1984-85 the group turned in a pre-tax profit of £2.23m and paid a dividend total of 2.75p.

● **comment**

A bitter strike and the sacking of two-fifths of its staff has caused Silentnight, Britain's leading bedmaker, to loose sleep, dividends and profits at the half-way mark. While the company views the dispute as over after it sacked the 346 staff in July for breach of contract, low level picketing continues and a series of industrial tribunal cases are in the pipeline. The strike followed last year's business reorganisation efforts—in the midst of which the chief executive left. The new chief executive presides over a slimmed down operation with 100 fewer workers than the pre-strike 850. Cost savings, the motive for the reorganisation and the refusal to pay the national wage award, may now start coming through and there is hope of doing better than break even for the year as a whole. The shares at 30p are at a long time low; those who wish to rest easy at night may well want to wait to see results before venturing in this direction.

UK COMPANY NEWS

Lee Cooper profit hit by difficult trading conditions

Lee Cooper Group, manufacturer of jeans and casual wear, experienced difficult trading conditions in the first half of 1985, with pre-tax profits reduced from £5.27m to £4.98m in the six months to June 30.

Lord Marsh, chairman, says competition remained strong in all the group's markets. Opportunities presented by the restructuring of activities are still being pursued and much is being done to reduce overheads and production costs.

This is particularly so in the UK, where demand and production capacity are more evenly matched, and in Scandinavia where loss-making marketing subsidiaries have been closed.

The company intends to maintain its presence in Norway and Sweden, through licensees, and in Denmark through a local distributor. Arrangements are well advanced.

An interim dividend of 1.4p (same) is proposed.

Lord Marsh says the wide fluctuations which occur in exchange rates make it difficult to forecast the likely profit trend with accuracy.

The company, he says, can only benefit from the action it has taken in the past year to improve productivity and maintain its share of the highly competitive clothing market.

Turnover was down at £44.66m (£48.16m), profit after tax was almost unchanged at £2.46m (£2.45m) reflecting a reduced aggregate tax rate.

Minority interests rose to £173,000 (£155,000) and earnings per share were stated at 14.7p (14.8p).

● comment

Lee Cooper was faster than some in spotting the flattening of demand for blue jeans and the corresponding growth in other forms of leisure wear, but its unwieldy size hampered the speed of reaction and is deserves credit for emerging as healthily as it has. Jeans output has now fallen from 70 per cent of output to less than 30 per cent, the restructuring is well advanced, the balance sheet remains strong and the group is looking well placed to fight its corner in this highly competitive market. The results are not going to come through immediately, for there is still work to be done: in the UK especially, where the manufacturing operations have been successfully rationalised, the marketing and distribution is in need of further attention. This year is likely to see profits slightly below last year's at £8.5m but on a significantly lower tax charge of 50 per cent, putting the shares unchanged at 130p, on a prospective p/e ratio of 5. The presence of the group's strong and effective management team in France would probably give the shares a better showing on the Paris Bourse.

Benlox reduces losses in first half

REDUCED pre-tax losses of £66,801 have been incurred by Benlox Holdings in the first half of 1985 compared with losses of £92,568 previously.

For 1984 as a whole, profits of £358,371 were achieved, and Mr Michael Buckley, chairman of this holding company engaged in civil engineering and constructiontion, provision of building services and manufacturing and distribution, expects the results for the second half of this time to also show a significant improvement.

The interim dividend is being held at 0.5p. Total payments of 1.1p were made in 1984. For this half, stated losses per 10p share are lower at 0.67p (2.76p).

The chairman says that the subsidiary Joshua Bigwood & Son incurred a substantial loss during the period, and the company's activities are under review with various alternatives being considered.

All other trading subsidiaries of the group are involved in contracting and none of these has escaped the adverse effects of the poor weather. This has led to some loss of turnover and pressure on margins.

Protim Services, engaged in timber treatment and damp proofing, experienced a further loss of turnover in the early months of the year due to the withdrawal of local authority grants and increased mortgage rates.

Group turnover rose substantially during the period, from £3.55m to £8.12m, but the cost of sales was up at £6.24m (£2.27m), and operating expenses were £2.1m (£1.37m).

Turnround to £0.93m for Stewart Nairn

Stewart Nairn Group, property developer and investor, reported a turnround from losses of £788,000 to taxable profits of £933,000 in the year to mid-June on turnover down from £11.28m to £2.87m.

Earnings per 5p share came out at 0.55p basic, against losses last time of 0.66p. Again there is no dividend payment by this 56 per cent-owned subsidiary of Bukhatir Investments.

The company has completed its acquisition of Arbiter Investments and the disposal of its interest in the Manhattan Condominium.

Gross profit was £400,000 (£340,000 loss) with interest receivable and other income of £908,000 (£78,000), profits on sales of investment properties and investments of £943,000 (£497,000) and share of profits of overseas partners £105,000 (nil). The pre-tax figure was struck after administration expenses of £868,000 (£536,000) and interest payable of £555,000 (£487,000).

Yearlings at $11\frac{1}{8}$%

The interest rate for this week's issue of local authority bonds is $11\frac{1}{8}$ per cent, up one sixteenth of a percentage point from last week and compares with $10\frac{3}{4}$ per cent a year ago. The bonds are issued at par and are redeemable on October 29 1986.

A full list of issues will be published in tomorrow's edition.

Klark-Teknik lifts profit to £1.4m

THERE HAS been a slowdown in the second half profit growth at Klark-Teknik, as expected. But the group has still shown a 101.5 per cent upsurge over the full year ended July 31 1985, from £701,000 to £1.4m pre-tax.

The group is based in Kidderminster and produces advanced sound processing equipment for the music, broadcasting and communications industries. It came to the USM a year ago, and forecast a dividend of 0.6p net which it is now paying.

At the halfway mark the directors reported a 202 per cent advance in profits to £640,000, and said it would not be realistic to expect the same percentage to follow through for the full year.

They say the group's position in all its major world markets remains strong with 84 per cent of sales value for the year being exports. Sales by the U.S. subsidiary have been "very satisfactory" and unit sales are not expected to be affected by the recent appreciation of sterling against the dollar.

The launch of the DN780 digital reverberator has been successful and has made the expected contribution to growth.

Looking at the current year, the directors find it too early to forecast but tell members that a good start has been made with sales substantially ahead for the first two months. New products are expected to contribute to the second half.

In recent months, the directors have been seriously looking at several acquisition prospects.

Sales in 1984-85 rose 81 per cent to £3.22m. After tax £618,000 (£286,000) and minorities £26,000 (£17,000) the net attributable profit came to £769,000 (£398,000) for earnings of 5.5p (2.84p) per share.

● comment

Klark-Teknik refrained from making a profits forecast at the time of its flotation last November, but £1.4m was roughly in line with the market's expectations an dthe shares closed unchanged at 105p. Last year's profits growth came from three main sources: increasing sales of the company's traditional products such as graphic equalisers, a hefty first-time contribution from the digital reverberator (now accounting for 30 per cent of group sales), and currency translation gains of £150,000. The growth rate is unlikely to be sustained this year, for digital reverberator sales have stabilised and the four new products coming on stream are not in the same league. Meanwhile, exchange rates are more likely to be a disadvantage than a help. Unless there are any noteworthy acquisitions, continuing growth in the sales of traditional products seems unlikely to take the pre-tax figure much beyond £1.7m, putting the shares on a prospective p/e ratio of 15 after a 42 per cent tax charge—a far cry from the multiple of 30 which accompanied the placing and still looking a little rose-tinted.

Reebok profits continue their rapid advance

Reebok International, the over-the-counter, U.S.-quoted 40.7 per cent associate of Pentland Industries, reported third quarter pre-tax profits up almost four times from £4.63m to £17.96m. Turnover for the three months to September 3 increased from £20.83m to £66.33m.

The profit attributable to Pentland shareholders, after tax, came out at £3.97m (£1.3m), with earnings per share of 8.54p against 2.79p adjusted for the two-for-one scrip issue of July this year.

Turnover for the nine months was £140.94m (£38.66m) with pre-tax profits up by more than four times from £7.93m to £34.49m. The net profit figure attributable to Pentland rose from £2.23m to £8.56m, with earnings per share of 18.4p (4.79p).

Mr Paul Fireman, president and chief executive of Reebok, says the results reflect a continued strong acceptance of Reebok products.

"Based on our backlog of orders for the balance of 1985 and early indications from our spring booking programme the business outlook for Reebok remains very positive."

Atlantic Resources aided by improved cash flow

IN THE first half of 1985 the loss before tax at Atlantic Resources rose substantially from I£448,000 to I£1m, mainly as a result of a decline in deposit interest from £799,000 to £300,000.

Mr Don Sheridan, the chairman, says in the U.S. the recent trend towards higher gas sales volumes at a lower average price has continued with the net effect being an improvement in cash flow.

The large majority of gas sales revenues are attributable to the investments in West Virginia.

Total group sales revenues was up from £480,000 to £617,000.

Referring to the oil discovery in block 49/9 (licence 2/81), in which Atlantic has a 33.5 per cent interest, Mr Sheridan says it has been demonstrated that the subsequent well 49/9-3 was drilled into a different fault block to that of the old discovery well.

This and other information has convinced the members of the consortium—Gulf Oil (Ireland), Unionoil Ireland and Atlantic—of the need to drill a follow-up well.

By agreement with the Minister of Energy, licence 2/81 has been extended in its entirety until August 31 1987.

Gulf Oil commenced drilling exploration well 50/6-1 on behalf of the licence 5/82 consortium on October 19. This well is being drilled on a fault-associated structure with potential for large reserves of oil.

In licence 6/82, evaluation of the 48/18-1 gas discovery, on June 26, is continuing.

Operator BP has said a maximum flow rate of 13.7m cubic feet of gas a day on a one-inch choke was obtained from a single reservoir.

The flow rates are encouraging.

Subject to the consent of the Minister for Energy, the company's interest in licence 5/82 and 6/82 are to be increased from 15 per cent to 16.66 per cent and from 14 per cent to 15.55 per cent respectively.

The Minister has announced that Atlantic has been awarded an interest of 19.44 per cent in block 48/17, immediately adjacent to gas discovery block 48/18. BP will operate this licence.

Investment sale boosts Silvermines

Silvermines, a Dublin-based investment holding company, has increased pre-tax profits for the six months to June 30 1985 from I£1.65m (£1.41m) to I£4.41m.

The main factor in the increase was the exceptional contribution of £3.32m from the sale of the remainder of the group's holding in Anglian Windows. There was also a contribution of £642,000, being the profit on the sale of a portion of the group's interest in Falcon Resources.

Directors say the results also benefited from increased contributions from the Kinsale Head gas field royalty and the Magcobar Baryte royalty.

They are proposing an interim dividend of 2p (1.6p, after adjusting for a one for four scrip issue in March 1985).

Profits of associated companies contributed £398,804 (£1.53m), including £319,767 from Anglian Windows for the first quarter up to the time of sale, and there was an operating profit of £198,426 (£100,139).

Tax was £3.51m (£780,000). Earnings per share, adjusted for the issue, were 6.54p (6.27p).

IN BRIEF

WALTER RUNCIMAN, holding company with interests in shipping, insurance and security engineering, reported turnover up from an adjusted £25m to £27m in the first half of 1985. Taxable earnings came out at £650,000, compared with a loss last time of £376,000 from earnings per share of 4.4p (loss 2.1p), the interim dividend is maintained at 2.5p.

IRISH GLASS, a Dublin-based glass container manufacturer, achieved a taxable profit of I£771,000 (£659,000), against a I£32,000 loss for the year to June 25 1985. The company is returning to the dividend list with a single final payment of 1.5p. Turnover was up from £28.95m to £32.64m.

BARLOWS, the Manchester-based group of packers and warehousemen, reports pre-tax profits up from £366 to £14,089 in the half-year to June 30 1985. External turnover advanced from £229,875 to £258,956. After tax of £4,227 (£1,217 credit) and an extraordinary credit (less tax) of £313,325 this time, total net profit emerged at £323,187 (£1,583). Stated earnings per £1 were 2.4p (0.5p) prior to extraordinary credit and 111.4p (0.5p) after.

JAPAN ASSETS TRUST reports net asset value per share for the year to September 30, 1985, of 53.86p (66.12p) on 82m (30m) ordinary shares, loan stock converted, and 47.92p on 61m shares, loan stock unconverted. Income rose to £1.6m (£279,000) and an unchanged dividend of 0.05p is proposed.

LONDON ATLANTIC Investment Trust increased its net asset value per share to 208.4p at September 30, 1985, against 187p a year ago. Earnings per share for the six months rose to 3.09p against 2.7p on net revenue of £352,575 against £308,382. An interim dividend of 1.95p (1.85p) is proposed.

BOARD MEETINGS

Interims: Ambrose Investment Trust, Anglo-Indonesian, Assam-Dooars, Bromsgrove Industries, Clive Discount, Etam, French Connection, Gerrard and National, Henara, Hunting Associated Industries, F. J. C. Lilley, London and Northern, Marlborough Property, Plantation and General Investments, Ruo Estates, Save and Prosper Return of Assets Investment Trust, Securities Trust of Scotland, Western Dooars Tea.

Finals: McKechnie Brothers, Prestwick.

FUTURE DATES

Interims:	
Airflow Streamlines	Oct 31
Aquascutum	Nov 8
Edmond Holdings	Oct 31
Henderson Group	Oct 30
Lep Group	Oct 31
Meadow Farm Produce	Nov 7
Miller (Stanley)	Oct 25
Mitchell Somers	Nov 14
New Throgmorton Trust (1983)	Oct 30
Ocean Wilsons	Nov 20
TR City of London Trust	Oct 30
"The Times" Veneer	Oct 25
Utd. Computer and Technology	Oct 30
Walpac	Oct 28
Finals:	
Allied London Properties	Oct 28
British Car Auction	Oct 29
Floyd Oil Participations	Oct 25
Frogmore Estates	Oct 29
New Australia Investment Tst.	Oct 29
Pressac	Oct 24
Samuel Properties	Oct 28
Smiths Industries	Nov 13

UK COMPANY NEWS

Pyke is third purchase in ten days for Hillsdown

BY FRANK KANE

Hillsdown Holdings, the fast growing food, furniture and office equipment group, yesterday announced its third acquisition in ten days with the £17.4m agreed purchase of Pyke Holdings, the catering butcher.

Mr Harry Solomon, joint chairman of Hillsdown, said yesterday that Pyke represented a "natural fit" with his company's existing food interests. He regarded Pyke's business as "very much a growth area."

Pyke supplies major hotels, restaurant groups and airlines, and has gained from the trend towards "fast food."

The terms, which have been recommended by Pyke directors who have pledged their 14.1 per cent holding for the deal, are 15 new ordinary 10p shares in Hillsdown for every seven in Pyke.

Taking Hillsdown at a price of 176p, this values Pyke at £17.38m, or 377p per share. That was a premium of 29p over Pyke's opening price yesterday.

Mr Adrian Bazar, a Pyke director, said that his would be a much better company with Hillsdown behind it. He added that Pyke would benefit from the rising Hillsdown share price, which has not fallen below 143p since the public flotation of 100p shares last February.

As is the usual policy with Hillsdown acquisitions, the existing chairman, Mr Peter Garner, and his management team will continue to operate the business as a separate entity within the parent group.

Hillsdown considers that the new acquisition will complement its FMC meat company and Harris bacon curing division. It believes that the deal will enable Pyke to supply its customers "with high quality products at the most competitive prices," and significantly benefit the strategy of directing its resources towards the production of processed products.

In the year ended September 30 1984, Pyke made pre-tax profits of £1.16m on turnover of £34.1m, a rise of 85 per cent over the comparable period. It has had a consistently good record of profit improvement since the losses of the 1979-80 year.

Hillsdown's meat processing and distribution activities are the major part of its total business. In the 1984 year they accounted for £620.4m of its aggregate sales of £983.2m, and £10.9m of the £23.6m operating profits.

See Lex

Trafford Park merger agreed

BY WILLIAM COCHRANE

Trafford Park Estates, the Manchester-based property company which revealed itself as a takeover candidate in August, agreed merger terms with Wingate Property Investments yesterday, in a deal which implies that Trafford Park is looking for management succession.

The deal is to be effected by Trafford Park bidding 61 of its shares for every 100 Wingate, giving the latter 44 per cent of the combined equity; but five of the Wingate directors are to be invited on to the Trafford Park Board, including Mr W. R. Smith as deputy chairman and Mr Stephan Wingate as managing director.

Mr Neil Westbrook, chairman of Trafford Park, said yesterday that the Wingate team had "expertise, unquestioned ability" in property.

"Two of us at Trafford Park are getting older," he said. "Replacements would have had to take place in a year or two and the company has expanded very considerably in the past 10 years."

Mr Wingate, who sold his original Wingate Investments to Wimpey in 1976 and bought back part of the company in 1979, said last night that the merger would give the companies a bigger base to retain created property investments like the £15m office and retail building which Wingate has just completed next to the Empire in Leicester Square in London's West End.

Peel Holdings, the out-of-town retailer developer which was known to be talking to Trafford Park in August, was mulling over the situation yesterday. Its shares are capitalised in the market at £69m against about £25m for Trafford Park and just under £20m for Wingate.

It controls about 8.5 per cent for the Trafford Park equity, claims to speak for another 2 per cent and does not rule out the possibility of making a pre-emptive bid for Trafford Park alone although the latter's shares, down 2p at 233p yesterday, are still 26p ahead of their level before a rise provoked the holding announcement last August.

Wingate closed yesterday at 140p, up 35p on the day. Mr Westbrook commented that the merger terms broadly reflected projected contributions to assets for the two constituents when development potential was included.

OTT buys Palm Line from Unilever

Ocean Transport and Trading has bought Palm Line, a shipping company operating scheduled cargo services to West Africa, from Unilever for an undisclosed sum.

But the deal will not involve the transfer of any assets. Ocean has purchased the Palm Line share in the trade to West Africa as a means of rationalising a service in which business has become very volatile.

The charter shipping activities of Palm Line will continue under the management of UAC, part of Unilever. Ocean is involved in the West African trade through its Liverpool-based businesses of Elder Dempster Lines and Guinea Gulf Line. It will now be able to put two extra ships on the route, where it currently has four.

Lee International agrees cash bid for Humphries

BY DAVID GOODHART

Lee International, the world's largest supplier of lighting equipment to film and television, yesterday announced an agreed cash offer for Humphries Holdings valuing the company at £2.5m.

Lee had planned to join the stock market later this year with a value of more than £100m but following this deal it has been postponed until next March or April.

The offer of 33.5p a share—which represents a 20 per cent premium over Monday's mid-market price of 28p—has been accepted by BET, the international services group, which holds 75 per cent. BET said the sale of Humphries was in line with its strategy of concentrating on wholly-owned subsidiaries which have market leadership potential.

Humphries, a developer and printer of coloured film, made an attributable loss of £2.46m and a taxable loss of £512,000 in the year to end-March 1985 on turnover of £14.22m. Its shares rose 4p yesterday to close at 33p.

Lee both manufactures and rents lighting equipment and is also the UK's largest operator of film stages—owning Shepperton studios. The company owns 59 per cent of Media Technology International, a USM-quoted company which made pre-tax profits of £2.03m last year on turnover of £6.2m. Lee itself—currently unquoted—made a profit to May 1985 of £6m (including a post-tax contribution from Media Technology) on turnover of £24m.

Humphries' existing management structure will remain in place for the foreseeable future

U.S. coal deal starts Burnett restructure

By Frank Kane

Burnett & Hallamshire, the hard-pressed coal mining and property group yesterday took a major step towards its long-awaited reconstruction with the announcement of two deals—the restructuring of its coal mining interests in Pennsylvania, U.S., and the disposal of its interests in the Ghent Coal Terminal in Belgium.

Mr Eric Grayson, the group chairman, said that the U.S. deal in particular had represented the biggest hurdle for the group, which has had its shares suspended since last July and has been in talks with its bankers on far-reaching plans to remove its potentially crippling level of debt.

The Pennsylvania agreement involves the release of B & H from its obligation to pay minimum annual royalties of $7.5m over the next 20 years and a modification of the lease under which it operates the U.S. coal mines.

In return for this release, B & H is to return the ownership of its West Virginian operations — Kingwood Mining and Allegheny Mining — to the original private vendors of the PBS Coals concern, which held the U.S. operations. These were acquired by B & H through its Mincorp subsidiary in 1983.

The deal also involves the payment of a "lease amendment agreement" of $8m to the vendors, bringing the total price for the release agreement to $9.5m. This is to be repaid in instalments until 1992 at commercial rates.

B & H is to continue with coal operations in Pennsylvania, which are now confined to one site in Somerset County. This will involve the upgrading of its coal washing facilities in order to produce low sulphur coal to meet U.S. acid rain legislation.

To provide for the extra working capital that this will require, an additional secured bank facility of $10m, guaranteed by B & H, has been arranged with a consortium of banks. This facility also covers certain of PBS's capital requirements and certain payments to be made under the terms of the restructuring.

As part of these arrangements, $15m of PSB's outstanding bank debt of $22.5m has been assumed by the two West Virginia coal companies.

The Ghent Coal Terminal has been sold for the nominal sum of BFr 1 against a book value in the year to March 31 1984 of about £11m. By the sale, B & H and an associate have been released from guarantees in respect of borrowings amounting to £5m. The purchaser is the Belgian Compagnie Belge de Manutention.

REA HOLDINGS is merging the London container operations of its subsidiary, Container Parks and Services, with those of Conserv Engineering, a wholly-owned subsidiary of Union International.

FT COMMERCIAL LAW REPORTS

Ship's warranty provides for speed range

ARAB MARITIME PETROLEUM TRANSPORT COMPANY V LEXON TRADING CORPORATION AND ANOTHER

Queen's Bench Division (Commercial Court): Mr Justice Anthony Evans: October 15 1985

A CHARTERPARTY clause by which a shipowner warrants that the ship is capable of maintaining a speed of "about" a certain number of knots must be construed as providing for a range to be quantified as a question of fact having regard to circumstances and the type of charter; and calculations to ascertain whether the ship was capable of maintaining its warranted fuel consumption at the warranted speed should be based on the lower limit of that range.

Mr Justice Anthony Evans so held when remitting two arbitration awards to arbitrators for reconsideration of the basis on which they assessed damages claimed by Lexon Trading Corporation and Another, charterers of the Al Bida, against shipowners, Arab Maritime Petroleum Transport Company, in respect of the owners' breach of the charterparty.

* * *

HIS LORDSHIP said that the arbitrators were concerned with the time-charterers' claim for excess consumption of fuel oil in the course of 24 voyages over two years by the motor vessel, Al Bida.

The issues arose under the speed and consumption warranty in the Standime form of tanker time charterparty (revised July 15 1955) together with certain other charter provisions.

The charterers succeeded on a damages claim for two breaches of contract in a total sum of $304,349.

The amount of the award was the balance of the charterers' claim for excess consumption after deducting agreed counterclaims which amounted to $268,149.

The vessel, which had powerful engines, and achieved a speed of 19.9 knots, had no difficulty in achieving the warranted speed throughout the charterparty period, and in fact was often employed at considerably higher speeds. The charterers' complaint was that she consumed more fuel at those speeds than she would have done had she been capable of performing the warranted speed at the warranted consumption level.

The preamble to the charterparty read: "(Description of vessel) . . . line 7 . . . and capable of maintaining under normal working conditions an average speed of about 15.5 knots in moderate weather when fully laden on an average consumption of 53 metric tons . . ."

The first issue was as to the meaning or effect of "about" in relation to the speed figure of 15.5 knots.

Mr Caldin, for the owners, submitted that "about" imported a margin on either side of either 5 per cent or half a knot. Thus, it was argued, the owners were not in breach of the warranty unless, for the stated consumption, the average speed fell below 14.75 (or 15) knots.

Mr Crookenden, for the charterers, accepted that "about" did import a range of speeds, but submitted that any speed within the range was within the warranty and that the owners were in breach if the consumption at any such speed was greater than the warranted consumption (which was not qualified by "about").

If that contention were correct, then the charterers were entitled to demand a consumption of 53 tons (in moderate weather) even when the average speed was at the upper limit of the range, whether 16 or 16.25 knots.

The arbitrators held that the starting point was 15.5 knots "and no other." They explained that that speed related to ideal conditions which could not have been met in practice; they must therefore have adjusted it to take account of the actual conditions which the vessel experienced, making some allowance for moderate weather conditions.

On the charterers' preferred construction the starting point would be the upper figure (16 or 16.25 knots) in all conditions of moderate weather, favourable or adverse. On the owners' construction the starting point was the lower figure, again in all conditions of moderate weather, favourable or adverse.

If the charterers' preferred construction were correct it would mean that the owners were in breach of the warranty if the vessel consumed more than the warranted figure at an average speed of 16 or 16.25 knots, even in adverse though moderate weather conditions; yet to achieve that she would have to be capable of up to 16.5 or even 17 knots on that consumption in "ideal" conditions, if the margin represented an allowance for the difference between moderate and ideal.

If the arbitrators' construction were correct, then it would seem to follow that any speed or consumption calculation in addition to making allowances for bad weather (viz, more severe than moderate) would have to involve consideration of whether the moderate conditions actually experienced were favourable or adverse to the vessel's consumption in relation to the speed actually achieved.

The owners' construction was correct and was justified in law by the principle that a contracting party was not to be held liable in damages for failing to achieve more than the minimum obligation which he undertook by his contract.

"About" clearly did import some margin below and, if relevant, above the stated figure of 15.5 knots. When it was sought to hold the shipowner liable in damages for breach of the undertaking, he was entitled to have his liability measured by reference to the lower end of the range.

The charterers' preferred construction would impose the upper limit on the contractual obligations and so would the arbitrators' construction as explained by Mr Crookenden, in cases where the weather conditions were both moderate and favourable to the vessel. Both of those constructions were rejected.

With regard to the permitted margin, Mr Caldin referred to various authorities in the form of English judgements and U.S. arbitration awards, together with textbook commentaries, for the proposition that the effect of "about" was a mixed question of law and fact, which he submitted should be decided by the court on the basis of the arbitrators' findings.

Mr Crookenden submitted that the matter was essentially a question of fact for abitrators to decide, within limits which the court might impose as a matter of law.

Mr Crookenden's basic submission was correct. The effect of "about" was that some margin must be recognised on either side of the stated figure. The size of that margin was a question of fact in the particular case, including, where relevant, the influence of any trade or other recognised commercial practice. The court retained the power to rule as a matter of law that the margin could not "reasonably" exceed or be less than a certain figure.

In cases where the court was the sole judge of fact as well as law, then the distinction need not be made, except possibly for the purposes of appeal. But in any appeal from arbitrators the court could not do more than rule that some margin must be allowed and further rule, when required and entitled to do so, that a particular conclusion reached by the arbitrators was outside the permissible "reasonable" limits.

It followed that the arbitrators were entitled, indeed bound, to decide whether the appropriate margin in the present case was 5 per cent or half a knot or some other figure. It was also for them to say whether the sole reason for a margin was the need to allow for the effect of (adverse) moderate weather conditions on what would be the vessel's performance in ideal conditions.

The court therefore declined to rule what the margin must be for the purposes of the dispute. The required margin had to be allowed in all conditions up to and including moderate weather in the same way as the arbitrators had interpreted under good weather conditions.

The second issue was concerned with the proper method of establishing the "average" consumption for the purposes of the warranty in the light of additional provisions.

The issue arose because there were periods during the currency of each charterparty when the vessel exceeded the consumption warranty figure, meaning that the actual consumption was less than the warranted figure after adjustment to allow for differences between the actual and the warranted speeds.

The question was whether the average must be established over the full period of the charterparty as the owners contended, or over some other period, and if so, what period. The arbitrators had rejected the owners' contention.

There was no express statement in the charterparty *itself* as to how the averages were to be established. The average speed was measured on an hourly basis, and the average consumption was per 24 hours.

The correct approach was that the averages must be calculated on whatever basis was fair and reasonable as between the parties, as a means of establishing what the capability of the vessel was at the time when the warranty took effect, for the purpose of the charterparty in question.

Assessment of the averages then became a question of evidence and of fact which was for the arbitrators to consider and decide.

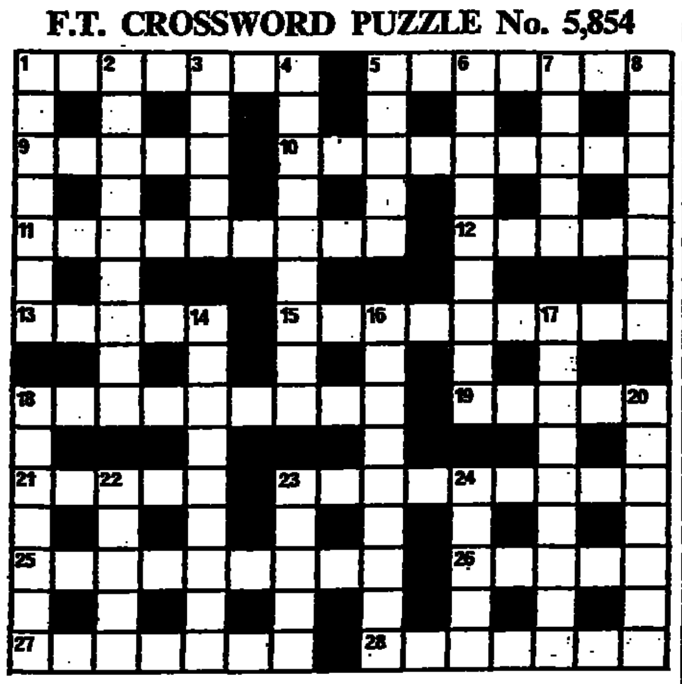
In the present case the arbitrators had made calculations for individual voyages and there was no ground for saying that it was unreasonable for them to do so, or that they were wrong to do so as a matter of law. No doubt, however, they would wish to reconsider their calculations in the light of what had been said above and if necessary they would be prepared to revise them accordingly.

For the charterers: Simon Crookenden (William A. Merrick).

For the shipowners: Giles Caldin (Holman Fenwick and Willan).

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE No. 5,854



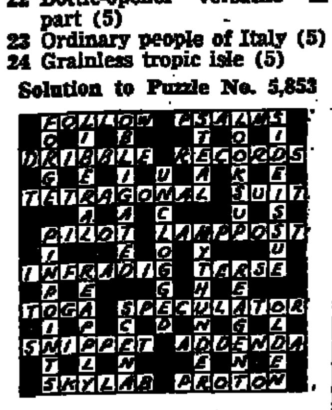
ACROSS

1 Colourful run-up for a bird (7)
5 Indian Watch Co. going bust (7)
9 Charge where film-makers work (5)
10 Clothe Dan tidily for the events of two days (9)
11 One's last tablet? (9)
12 Gem-type (5)
13 Oil-platform I would make unbending (5)
15 Daily having trouble with knee (9)
18 Frightful fellow still in the field (9)
19 A cricket club notice put back—that is capital (5)
21 Either way, it is a note to be read (5)
23 Middle girder? (9)
25 Albert, his move is to become a simple retailer (9)
26 Harmony composition we hear (5)
27 Wed, perhaps, but not on the sabbath (7)
28 Candour Venetian ordered, endlessly (7)

DOWN

1 Monk's common exclamation of amazement (7)
2 Pining for a lasting love, perhaps (9)
3 Stress, in feet can produce a stroke (5)
4 Sponsor for Cinderella? (9)
5 Hiding-place for money that is uttered (5)
6 Picnic? Try cold mushroom! (9)
7 A slatternly woman getting up in Oklahoma (5)
8 Women — crooked — used devious methods (7)
14 After day, alderman changes for sleep (9)
16 Traditional French one in black and white (9)
17 Main refuge for Alaskans? (9)
18 Ring me in exhibition—in a way not specified (7)
20 A Greek character—the first woman to earn (7)
22 Bottle-opener versatile in part (5)
23 Ordinary people of Italy (5)
24 Grainless tropic isle (5)

Solution to Puzzle No. 5,853



APPOINTMENTS

Changes at Initial

BET has appointed **Mr Brian Thompson** as managing director of its industrial services company, Intitial, in succession to **Mr Ted Weston** who retires on December 31. Mr Weston will remain as a non-executive director of BET. Mr Thompson has been a director of Initial since 1978.

He has also been appointed as chairman of a new textile services divisional board of Initial, formed to replace the boards of two previous divisions of Initial—Initial Serices (ISD) and Initial Workwear Services (IWS)—and the two recent acquisitions, Advance Services and Laundrycraft. Other members of the new board will be: **Mr Alan Toms**, chief executive of ISD; **Mr Norman Walker**, chief executive of IWS; **Mr Lee Cummins**, chief executive of Advance; **Mr John Bethell**; chief executive of Laundrycraft; **Mr David Havens**, comptroller; **Mr Denis Whelan**, operations director; **Mr John Cropley**, trade development director and **Mr John Milner**, secretary.

*

Mr J. P. Kinch has succeeded **Mr C. D. Smith** as company secretary of ARGYLL GROUP. Mr Smith continues as the director responsible for group financial control.

*

Mr Martin Houston has been appointed personnel manager and director designate for STAKIS HOTELS AND INNS. Mr Houston joins Stakis after five years with Grand Metropolitan International Services, where he was personnel manager.

*

MENTOR MANAGEMENT has appointed **Mr Ken Hawkins** to the board. Formerly sales director of the N.F.C.s Freight Computer Services, he will be responsible for all aspects of the company's commercial business operations.

*

At ECONOMICS LABORATORY EUROPE Uxbridge, **Mr Roderick G. Johnson** has been named vice president and finance director, Europe, for the European headquarters of Economics Laboratory, Inc, St Paul, Minn. Mr Johnson previously was director—new businesses with Baxter Travenol Laboratories, Inc (UK).

*

ALIDA PACKAGING GROUP, film division of Alida Holdings, has appointed four directors: **Mr Ian Ball** becomes operations director responsible for manufacturing at both Heanor and at the Britannia Packaging plant in Stoke-on-Trent. He was appointed Alida Packaging production director in 1981.

Mr John Stone is the new group commercial director responsible for financial matters for both Alida Packaging and Britannia Packaging. He was appointed a director of Alida Packaging in 1984. **Mr Alan Gibson** engineering director, becomes works director of Alida Packaging Limited, responsible for manufacturing and projects. At Stoke-based Britainnia Packaging, **Mr Gareth Evans** becomes sales director.

*

Mr Leslie Holliday, former chairman of John Laing, joins the board of DECLAN KELLY HOLDINGS as a non-executive driector.

*

Mr John Lavin has been appointed sales and marketing director of INFOTRON SYSTEMS. Mr Lavin comes to Infotron from Storage Technology where he was employed from 1980 latterly as UK sales and marketing manager.

*

Mr Nigel C. Boardman, **Mr Clifford A. Millensted**, **Mr Glyndwr Davies**, **Mr Dexter W. Bree**, **Mr Arthur T. Copple**, and **Mr James G. Lloyd** join the partnership of KITCAT AND AITKEN, stockbrokers, from October 28.

*

Mr Jeremy Celson, has joined the board of BESTWOOD as finance director. He was previously group finance director of Donald Macpherson Group.

*

Mr David Kimbell has been appointed managing director of SPENCER STUART AND ASSOCIATES in the UK. **Mr Kit Power** remains as chairman and **Mr Tim Scriven** and **Mr John Sackur** become vice-chairmen of the UK company.

*

Mr Roy Mills joins CONTROL RISKS with responsibility for the new computer security division. Mr Mills was previously with Lloyd's of London Press where he was responsible for setting up online computer services and *electronic publishing.*

*

NCR has appointed **Mr John Cooper**, as director of the education division. He was UK education manager for Wang.

*

Mr Paul B. Walsh is joining CHEMICAL BANK INTERNATIONAL as director responsible for Eurosecurties syndicate sales and trading. He was executive director responsible for the same areas of business at Hill Samuel. Also moving to CBIL from Hill Samuel are **Mr John Campbell** and **Mr Tony Marshall**, new issues and Eurosterling traders.

LASKYS, subsidiary of the Ladbroke Group, has appointed **Mr Colin Livermore** as purchasing director. He joins from Rumbelows Thorn EMI retail division, where he was merchandise controller.

*

Mr Michael A. Lydon has been appointed assistant general manager in NATIONAL WESTMINSTER BANK'S related banking services division. He was previously head of group planning.

*

INFORMATION RESOURCES, a member of the Gothard House Group, has appointed **Ms Louise Connors** as director—information, from November 1.

*

Mr Hugh Seymour and **Mr Eric McAuslan** have been appointed executive directors of MARTIN CURRIE INVESTMENT MANAGEMENT.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.

Pearl Trust Managers Ltd.

TSB Unit Trusts

Perpetual Unit Trust Mngmt.

Prolific Unit Trusts

3i & Target Fund Mgrs Ltd

Target Trust Mngrs. Ltd.

Providence Capital Fd. Mgrs. Ltd.

Prudential Unit Trust Mngrs Ltd.

Quilter Management Co. Ltd.

Temple Bar Unit Tst. Mngrs Ltd

Touche, Remnant Unit Trust Mngt. Ltd.

Reed Stenhouse Inv Services Ltd

Reliance Unit Mgrs. Ltd.

Trades Union Unit Trust Managers

Ridgefield Management Ltd.

Transatlantic and Gen. Secs. Co.

N.M. Rothschild Asset Management

Tyndall Managers Ltd.

Rowan Unit Trust Mngt.

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

Unit Trust Account & Mgmt. Ltd.

SKC Management Limited

Save & Prosper Group

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd

Waverley Asset Management Ltd

Schroder Unit Trust Managers Ltd.

WestAvon Unit Trust Managers Ltd.

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mgmt. Ltd.

Aetna Life Insurance Co. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd.

Albany Life Assurance Co. Ltd.

Sun Alliance Fund Management Ltd.

Sun Life Trust Mgmt. Ltd.

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insurance Co. Ltd

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Framlington Life Assurance Ltd.

Friends' Provident Life Office

G.T. Management Ltd.

General Accident Linked Life Assurance

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

The LAS Group

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

P&R Fund Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Precious Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Property Growth Pensions & Annuities Ltd.

Providence Capital Life Assc. Co. Ltd.

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Life Assc. Co. Ltd.

Prudential Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Equitable Life Ass. Soc.

INSURANCE, OVERSEAS & MONEY FUNDS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$12.81		—

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.54	-0.2	—

Inv Adv: M & G Inv Mngt., Ltd., London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$10.70	+0.03	—
Dynamic Gwth Fd	$9.60	+0.06	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.20		—	3 Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.49	8.59	12.63	6mth
7-day Fnd	11.56	8.64	12.68	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fnd	11.50	8.60	12.62	6-Mth
7-day Fund	11.05	8.26	12.15	6-Mth
Dollar	6.81		—	6-Mth
Money Mngt. Acct.	11.00	8.22	12.27	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031-225 8484				
Full Service Cur Acc.	11.25	8.00	11.78	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.25	8.41	12.58	Qtr
Mth. Int. Chq.	11.125	8.32	12.50	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.50	8.60		mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.00	8.22	12.18	Mth

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. # Suspended. ◊ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. [illegible] ex dividend

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp	27	NEI	10
BSR	8	Nat West Bk.	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons.	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	68	Brit Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd.	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	18
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	40
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

London beef futures to start in February

By John Buckley

THE LONDON Meat Futures Exchange plans to start trading in beef next February its secretary, Mr Chris Prior Willeard, announced yesterday.

LMFE is determined to press ahead with a vigorous campaign to promote beef despite the slow pace of its pigmeat contract and the inertia in the sister "live" pig market.

Mr Prior Willeard admitted pigmeat had placed too much emphasis on the producing sector, partly because of the heavy farmer participation in potato futures. The beef market, however, would be aimed at exporters, slaughterers, manufacturers and processors. Exporters were already showing keen interest, he said.

Success of the new market will depend on brokers actively promoting it and in turn on their willingness to understand the practical difficulties encountered by the physical trader. "There's no doubt a gulf exists between broker and trade clients," he said.

High hopes are pinned on beef's launch to regain momentum in pigmeat added Mr Prior Willeard. "Chicago live hogs took nearly three years to establish while cattle were an almost overnight success," he pointed out.

South Africa fears push platinum price above gold

BY STEFAN WAGSTYL

THE PRICE of platinum leapt above the gold price on the precious metal markets yesterday, in response to the warnings from President P. W. Botha that South Africa might retaliate against economic sanctions planned by its trading partners.

In London, platinum closed $5.25 up at $328.25, while gold finished $2 higher at $327.75. Traders said that the platinum price increase was bolstered mainly by speculative buying. Investors were concerned primarily about the threat posed to metal supplies by the continuing unrest in South Africa.

It is the second time this year that platinum has traded above gold. It last climbed to a premium in August when, in a key speech, President Botha failed to outline expected political reforms.

Platinum responds more quickly than gold to market views on South Africa, primarily because South Africa dominates the platinum market to a greater degree than the gold market. The country's three big platinum companies—Rustenburg, Impala and Western Platinum—are believed to supply some 80 per cent of the western world's demand, with most of the rest coming from the Soviet Union.

Moreover, platinum is traded in a narrow and more volatile market than gold. It tends to react more quickly and dramatically to sentiment.

Apart from jewellery, the main uses of platinum are in the electronics industry and in the vehicle industry, where it is needed for the catalytic converters fitted to some vehicles to clean up exhaust gases. But traders said yesterday that industrial stocks of the metal were high enough to ride out any short-term interruption to supplies. The U.S. Government's General Services Administration said earlier this year that it was planning to reduce rather than expand its strategic stockpile of platinum.

Venezuela in $600m coal plan

BY MAURICE SAMUELSON

VENEZUELA IS planning a major investment in coal to supplement its oil earnings, which are suffering from falling oil prices.

In the first quarter of next year, it is expected to invite bids from overseas companies to participate in the Carbozulia project. It involves the extraction of more than 200m tonnes of open-cast coal at Guasare, in Western Venezuela, near Colombia, at an estimated cost of more than $600m.

British Petroleum Coal confirmed in London yesterday that, once the contract went out to tender, it planned to bid for it in conjunction with Swede Coal, representing a group of Swedish interests. However, interest is also being shown by companies in West Germany, the U.S., France, Spain, Japan and Poland, and reports that the Anglo-Swedish team were the front-runners for the contract were yesterday dismissed as premature.

The Carbozulia project will be in the hands of Petroleos de Venezuela, the State oil company, which is reported to be seeking foreign partners to provide up to 40 per cent of an estimated investment of $666m.

The State oil company was quoted in Caracas last week as saying the mines would produce some 6.4m tonnes of coal a year within five years. At current prices of $40 a tonne, that would mean $256m a year additional revenues for Venezuela.

Last May, Sr Arturo Hernandez Grisanti, Minister of Energy and Mines, announced that the State oil company would manage the project, along with a foreign concern which would provide financing as well as technical and marketing expertise.

However, with estimates of future world coal demand frequently being downgraded, some coal industry circles are now questioning the timing of the Venezuelan plan.

At present, oil exports supply more than half the Venezuelan Government's revenues and with oil accounting for more than 90 per cent of foreign income, the country has been seriously affected by the world oil glut of the past three years. In the past Venezuela has been inhibited from developing its non-oil resources because of the extent of its oil wealth—an estimated 28bn barrels of recoverable reserves, approximately the same as those of the US.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,780-2,890.

BISMUTH: European free market, minimum 99.99 per cent, $ per lb, tonne lots in warehouse, 4.15-4.30.

CADMIUM: European free market, minimum 99.95 per cent, $ per lb, in warehouse, ingots, 0.75-0.79, sticks, 0.82-0.86.

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 11.10-11.35.

MERCURY: European free market, minimum 99.99 per cent, $ per flask, in warehouse, 279-284.

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.75-2.82.

SELENIUM: European free market, minimum 99.5 per cent, $ per lb, in warehouse, 7.20-7.30.

TUNGSTEN ORE: European free market, standard minimum 65 per cent, $ per tonne unit WO, cif, 62-70.

VANADIUM: European free market, minimum 98 per cent V O, other sources, $ per lb V O, cif, 2.10-2.20.

URANIUM: Nuexco exchange value, $ per lb U O, 16.00.

Gallium unit to start up soon

BY BERNARD SIMON IN TORONTO

THE WORLD'S first primary production unit of gallium, a metal used in the manufacture of the latest generation of high-speed computer chips, is due to come on-stream within the next week or two.

An official at Musto Explorations of Vancouver said that the company's Apex Mine in South-West Utah is likely to reach its full production rate of 10 tonnes of gallium metal a year within a month of start-up.

The mine will account for almost one-third of total world production of gallium. By-products will include copper, zinc and germanium, a metal used for infra-red optics and fibre optics. Germanium production is estimated at 18 tonnes a year.

Gallium, a liquid metal at normal temperatures, has up to now been extracted as a by-product of bauxite and zinc. It can be combined with phosphorous, antimony or arsenic to form compounds with semi-conductor properties.

Gallium-based integrated circuits can operate at higher speeds than silicon chips, consume less power, provide higher resistance to radiation and operate in wider temperature ranges.

The Musto official said that sales contracts have been signed for the Apex mine's entire initial production of gallium, with some contracts running for three years. Prices for gallium are negotiated between producer and buyer and are presently around $325 a kg.

Gallium metal will initially be extracted from a large stockpile built up during Apex's former life as a copper producer. The stockpile of relatively high-grade crushed ore is equal to one year's mine production. The mill, seven miles from the mine, has a throughput of 100 tonnes of ore a day.

Musto claims to use a unique refining process developed by the Canadian zinc producer Cominco. The two companies signed a licensing agreement last October.

Orange juice goes sour on Brazil

Andrew Whitley on how a slide in world prices has set one of the country's fastest growing industries back on its heels

BEBEDOURO, a middling-sized town in the north of Brazil's Sao Paulo state, likes to call itself the orange juice capital of the world. The orange groves spread out in regimentally neat rows on its gently rolling hills are expected this year to produce some 25m boxes of oranges (each of 90 lb), equivalent to a quarter of Florida's entire output.

A small plaque set amid saplings at a nearby agricultural research station quotes Abraham Lincoln: "If one day the cities disappear, the fields will survive. But if the fields disappear, the cities will not survive."

The epigram may appear excessively grandiose in association with such an apparently humble item as orange juice. But the vitamin C-rich fruit drink has done a power of good to the people of Bebedouro over the past few years.

It has also given a powerful shot in the arm to the country's balance of payments. After turning in an average $600m in export earnings between 1981 and 1983, sales exploded last year to a dizzy $1.47bn. Overnight orange juice became Brazil's third ranking export earner, after coffee and the soya complex.

At the start of 1985 official forecasts were that while the volume of sales was not expected to hold up to last year's exceptional levels—boosted by the disastrous December 1983 frosts in Florida—higher prices would compensate for the shortfall, and revenues would remain around the $1.4bn mark.

Instead, the international market price has nose dived. With the New York price for November delivery below 120 cents a pound, the decline since mid-1984 has been by over 30 per cent.

The effect on the Sao Paulo orange juice business, which in recent years has overtaken Florida to become the largest in the world, has been little short of disastrous.

The price fall has caught both the growers (around 15,000 commercial producers in Sao Paulo state alone) and the big juice producing factories in the middle of an expansion drive.

Over the past decade the number of orange trees planted in the state has climbed from 74m to 123m. Meanwhile the four-member oligopoly (three Brazilian, one foreign) which controls the pulping business and exports the concentrated juice in frozen, semi-solid form has recently spent an estimated $120m on plant expansion and new port terminal facilities.

The U.S. is by far the largest single market for Brazilian juice. In a typical year it takes about 45 per cent of the total. Thus the recent disclosure that Coca Cola which, through its Minute Maid subsidiary, is the leading purchaser of Brazilian juice, is planning a major diversification into orange juice itself in the jungles of Belize has come as a low blow Brazil's industry.

The downturn has, not surprisingly, set the growers and the juice producers at each others' throats. It has also forced the Federal Government to intervene in an industry which in its better days used to boast that its success owed nothing to the state.

At the height of the current pulping season, angry growers in the heart of the orange belt, arguing for a better minimum purchase price, recently succeeded in halting production for seven weeks by refusing to sell their produce and blockading juice factories.

Strenuous government mediation at cabinet minister level finally produced an agreement last month on a price of Cr20,000 (£1.68) a box, half what the growers were originally seeking.

The seige was lifted and Cacex, the federal trade authority, resumed issuing export permits. But the growers remain bitterly unhappy with a deal under which they will get paid in 11 instalments spread over the next 12 months, without any allowance for inflation currently running at an annual rate of over 220 per cent.

If they do not get satisfaction from their current remonstrations to Brasilia the likely outcome is yet another lengthy stoppage, damaging further the export prospects for this year.

Compared with initial projections export sales were already going slowly. For the January to September period Cacex has reported orange juice exports of $578m, equivalent to $770m over the full year, safely half the official target.

Faced with this doleful trend Cacex, which in recent months has become increasingly interventionist in the industry, is reported to be weighing up two equally unattractive options. The first is to cut the minimum export registration price from the current $1,400 a tonne. The second is to reduce the authorised volume for 1985 exports from 650,000 to nearer 500,000 tonnes.

The export price has already been sliced once this year, in June, from $1,800 and Sr Roberto Fendt, the new foreign trade chief, is believed to be reluctant to reduce it further for fear that the market price will simply collapse.

But a volume cut to 500,000 tonnes could produce problems of storage and high financing costs for an industry which had geared itself up to pulping annually 700,000 tonnes for export over the next two years.

It could bankrupt many of the small growers (only 400 of the 15,000 in Sao Paulo can be considered large scale operations) and catch the industry with considerable excess capacity.

Cargill Agricola, a subsidiary of the U.S. animal feed producer and grain trader, which is the third ranked juice company in Brazil, is for example, bidding to catch up on its larger rivals by building a new plant capable of handling 10m boxes a year.

Citrosuco Paulista, the second largest producer, is also in the middle of a major expansion programme, while Sucocitrico Cutrale, the biggest, inaugurated in May its own $14m bulk handling terminal.

The Sao Paulo orange belt is a tilted oblong covering roughly 220 by 30 miles, centred on the prosperous cities of Campinas, Riberao Preto and Sao Jose do Rio Preto. It is climatically one of the best regions in the world for oranges.

According to the Sao Paulo agriculture secretariat, it is almost entirely frost free and has a 210-day picking season, producing oranges of an acceptable—though not the best—international standard. Citrus canker, the blight which has troubled Florida's orange groves, is virtually absent.

Oranges have recently displaced coffee, the traditional crop, in many parts of this region but there is strong competition for land use from sugar cane for the government-subsidised alcohol fuel programme. It is one of Brazil's most prosperous farming regions, reflected in the relatively high price of land.

Having broken through after the December 1983 Florida frosts as the world's leading exporter by far, the feeling until recently in the orange belt was that Brazil had finally established itself as the master of the markets. "It is Brazil which sets the price, not New York" one juice producer boasted earlier this year.

That jaunty self-confidence has been rudely pricked over the past few months. As they glumly watch the sliding New York price, the people of Bebedoura have got the blues: sales of fertiliser and pesticides have collapsed, local banks are struggling with their customers, growing debts.

New plantings have been halted until the market recovers, and in the meantime those orange growers who can are looking to switch partly into sugar cane. For those who cannot, all that remains is to pray for another bad winter in Florida this year.

LONDON MARKETS

COPPER PRICES were firmer on the London Metal Exchange reflecting the New York trend and increasing tightness of nearby supplies in London. The cash price gained £8.50 to £980 a tonne at the close, narrowing its discount to the three months position, which rose only £5.25 to £993.75 a tonne. With the exception of tin, again supported by International Tin Agreement buffer stock buying, the other base metals were lower. Cash zinc lost £12.50 to a 33-month low of £435 a tonne as continued weakness — based on persistent oversupply despite recent production cuts — pushed prices through established support levels in both dollar and sterling terms.

LME prices supplied by Amalgamated Metal Trading.

INDICES

FINANCIAL TIMES

Oct. 21	Oct. 18	M'th ago	Year ago
246.24	246.71	251.04	295.99

(Base: July 1 1952=100)

REUTERS

Oct. 22	Oct. 21	M'th ago	Year ago
1701.5	1702.4	1724.0	1902.1

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 21	Oct. 18	Month ago	Year ago
Spot	116.01	115.65	—	124.09
Fut.	118.68	118.41	—	126.83

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	Oct. 22 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1000.20	—15	$1085.25
Copper			
Cash h Grade	£980	+8.5	£956.5
3 mths	£993.75	+5.25	£981.5
Gold Troy oz	$327.75	+2	$329.5
Lead Cash	£271.025	—0.25	£286.75
3 mths	£276.25	—	£294.87
Nickel			
Free Mkt	185-205c	—5	209-225c
Palladium oz	$102.85	+0.15	$100.75
Platinum oz	$328.25	+2.25	$311.25
Quicksilvert	$265/275	......	$268/280
Silver troy oz	427.55p	—2.25	430.00p
3 months	439.20p	—2.35	441.90p
Tin cash	£8543	+15.5	£8725
3 months	£8462.5	—3	£8680.5
Tungsten	$70.73	......	$70.66
Wolfram 22.0lb	$62/68	[illegible]	$64/68
Zinc	£435	[illegible]	[illegible]
3 months	[illegible]	[illegible]	[illegible]
Producers	[illegible]	[illegible]	[illegible]
OILS			
Coconut (Phil)	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
SEEDS			
Copra Phil	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
GRAINS			
Barley Fut. Jan.	[illegible]	[illegible]	[illegible]
Maize	[illegible]	[illegible]	[illegible]
Wheat Fut. Jan.	[illegible]	[illegible]	[illegible]
No. 2 Hard Wint.	[illegible]	[illegible]	[illegible]
OTHERS			
Cocoa Ft. Mar.	£1745.5	+17	£1779.6
Coffee Ft. Jan.	£1686.5	—9.5	£1564
Cotton A Index	48.45c	—0.1	52.50c
Gas Oil Dec.	$253.5	—0.75	$249.5
Rubber (kilo)	57p	—1	58p
Sugar (raw)	$126x	+1	$137
Wooltops 64s	414p kilo	......	428p kilo

‡ Unquoted. x Oct-Nov. w Nov-Dec. v Nov. u Dec. † Per 75 lb flask. c Cents per pound.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	671.5-2.5	—4.5	671 671
3 months	694-.5	—3.5	697-692

Official closing (am): Cash 668.5-9 (675.5-6), three months 692-.5 (697-5), settlement 669 (697). Final Kerb close: 696-96.5.

Turnover: 19,175 tonnes.

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

TIN

[illegible]

ZINC

[illegible]

GOLD

[illegible]

SILVER

[illegible]

JUTE

[illegible]

COCOA

Futures eased during an extended opening call and lost a little more ground later. A strong recovery late in the afternoon saw levels on the close at the highs of the day. Some consumer offtake allied to scale-down price-fixing was again apparent but producers continued withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1705-1706	+11.0	1708-1686
March	1745-1746	+17.0	1748-1719
May	1771 1772	+24.0	1773 1750
July	1794-1796	+15.0	1796-1775
Sept.	1813-1814	+15.5	1815-1793
Dec.	1804 1805	+10.0	1804-1780
Mar.	1808-1815	+6.5	1808 1801

Sales: 4,291 (3,489) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for October 21: 106.19 (105.96); five-day average for October 22: 106.15 (106.29).

COFFEE

After a quiet morning, prices fell despite a background of concern over the Brazilian drought. Values recovered on arbitrage business against New York and on short-covering.

COFFEE	Yesterdy's Close	+ or —	Business Done
Nov.	1645-1647	—10.0	1659-1633
Jan.	1686 1687	— 9.5	1701-1675
March	1719-1728	—9.0	1732-1707
May	1750 1755	—6.5	1766-1744
July	1776-1778	—17.5	1794-1775
Sept.	1802-1810	—6.5	1810-1810
Nov.	1800-1850	—	1835-1865

Sales: 3,717 (2,701) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for October 21: Comp. daily 1979 124.61 (124.19); 15-day average 121.61 (121.35).

GRAINS

Wheat eased after making initial small gains to close at the day's lows. Long liquidation ahead of tendering against the November position was the major feature. Barley recovered from early losses on profit-taking after the recent drop, closing at the day's highs with some shipper support in March, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Nov.	105.50	—0.20	106.35	+0.15
Jan.	108.40	—0.25	109.25	+0.05
Mar.	111.30	—0.15	112 00	-
May	114.35	-0.10	114.25	—0.05
July	117.05	—0.10	—	—
Sept.	97.15	—	97.15	—

Business done—Wheat: Nov 105.80-5.50, Jan 108.65-8.40, Mar 111.40-1.30, May 114.40-4.30, July 117.20-7.00, Sept untraded. Sales: 235 lots of 100 tonnes. Barley: Nov 106.35-6.00, Jan 109.25-9.00, Mar 112.00-1.80, May and Sept untraded. Sales: 164 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 15 per cent Dec 131.25, Jan 133.70, Feb 136.45, March 139.55 transhipment east coast. U.S. No. 2 soft red winter Nov 113.75, Dec 114.75, Jan 115.50, Feb 116 00 sellers. EC French Nov 124.50. English feed fob Nov 109.50 bid, Dec 110.00-110.50, Jan/March 112.75-113.25 buyer/sellers, Jan/June 115 50 seller. Maize: U.S. No. 3 yellow/French transhipment east coast Nov 135.50 seller. Barley: English feed fob Oct107.00-07.50, Nov 108.00-109 50 buyer/sellers Peterhead, Nov 110.50 seller English east coast, Dec 111.50-111.75, Jan/March 115.50-115.25 buyer/sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S East 102.70, S West 102.20, W Mids 102.80, N East 100 50. The UK monetary coefficient for the week beginning Monday October 28 (based on HGCA calculations using five days' exchange rates) will remain unchanged.

MEAT

Spot November moved higher, following through from Monday, but failed to hold and fell back to close at the lows, reports CCST Commodities.

Month	Yesterday's close p. per kilo (deadweight)	Previous close	Business done
Nov.	117.90	118.50	118.8-117.8
Feb.	101.80	102.10	—
April	103 00	102.90	103.00
June	101.30	101 20	—
Aug.	99.70	99 70	99.80-99.70
Oct	105.50	105.60	105.60

Sales: 33 (35) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. [illegible]

FREIGHT FUTURES

Despite [illegible] at unchanged [illegible] futures [illegible] January and [illegible] over 10 [illegible] virtually [illegible] Wolff. The [illegible] 898, up 1.0.

[illegible]

Turnover: 154 (64).

POTATOES

The market opened lower and drifted down throughout a thin morning, with November in particular coming under selling pressure as one or two areas reported slightly lower prices. After a similar afternoon, the market closed at or near the lows, lacking clear direction, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov.	66.30	67.80	67.00-65.80
Feb.	68.00	67.90	68.00-67.80
Apr.	77.80	76.60	78.60-77.70
May	83.80	85.00	84.80-35.70

Sales: 218 (456) lots of 40 tonnes.

RUBBER

PHYSICALS — The London market opened unchanged, attracted no interest throughout the day and closed easier, reports Lewis and Peat. Closing prices (buyers): spot 57.00p (58.00p); November 55.25p (55.75p); December 55.50p (56.00p). The Kuala Lumpur fob price for RSS No 1 was 183 0 (184.0) cents a kg and for SMR 20 was 172.0 (173.0).

SOYABEAN MEAL

The market opened 50p easier in very dull trade, reports T. G. Roddick. Prices remained within very narrow ranges throughout the day.

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	125.2-126.4	—0.55	126.0-125.2
Feb.	127.0 127.3	—1.10	128.0-127.2
Apr.	128.1-128.4	—1.00	—
June	124.2-124.5	—0.48	124.7-124.2
August	123.8 124.8	—0.95	124.7
October	124.0 128.0	—0.50	—

Sales: 222 (310) lots of 20 tonnes.

OIL

On its last day of trading, Nymex WTI for November opened at $30.08, traded down to $29.91, climbed to $30.60 then fell back to trade at $30.24 at 1 pm EDT. At this peak, its [illegible]

SPOT PRICES

CRUDE OIL—FOB: Arab Light, Arab Heavy, Dubai, Brent Blend, W.T.I. (1pm est), Forcados (Nigeria), Urals (cif NWE) [illegible]

PRODUCTS—North West Europe. Prompt delivery cif: Premium gasoline, Gas Oil, Heavy fuel oil, Naphtha [illegible]

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Nov.	256 [illegible]	[illegible]	[illegible]
Dec	253.[illegible]	[illegible]	[illegible]
Jan	252 [illegible]	[illegible]	[illegible]
Feb	249.[illegible]	[illegible]	[illegible]
Mar	241[illegible]	[illegible]	[illegible]
Apr	235.[illegible]	[illegible]	[illegible]
May	231.[illegible]	[illegible]	[illegible]

Turnover: 2,164 [illegible] tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $126.00 (£88.00), [illegible] tonne for October [illegible] White sugar $165.[illegible]

No. 6 Contract	Yest'day's close $ per tonne	[illegible]	[illegible]
Dec.	158.0-157.8	[illegible]	[illegible]
Mar.	148.0-148.2	[illegible]	[illegible]
May	149.4-148.8	[illegible]	[illegible]
Aug	155.8-156.2	[illegible]	[illegible]
Oct	161.0-161.4	[illegible]	[illegible]

Sales: 1,960 (953) [illegible]

Tate & Lyle [illegible] granulated basis [illegible] (£189 00) a tonne [illegible]

International [illegible] (U.S. cents per pound [illegible] Caribbean ports.) [illegible] 21. Daily price [illegible] average 4.95 (4.96).

U.S. MARKETS

GOLD AND SILVER traded in a mixed fashion with underlying support from a threatened strike by black South African mineworkers, reports Heinold Commodities. Copper was supported by expectations of a settlement between Chrysler and the United Automobile Workers. Aluminium weakened on a lack of speculative interest. Sugar firmed ahead of a planned buying tender by India. Reports of Nigerian shipment delays helped support cocoa values. Coffee maintained a firm tone in response to growing concern over Brazilian crop prospects for 1986. Cotton traded modestly higher as producer offers dried up and trade support emerged. The energy complex traded steady to lower with products under pressure in anticipation of heavy imports into the U.S. The grain and soyabean complex firmed reflecting a lack of harvest activity and a firm tone to cash.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	42.75	—	—	43.05
Nov	42.95	—	—	42.95
Dec	43.30	43.40	43.25	43.60
Jan	43.65	—	—	43.95
March	44.40	44.50	44.30	44.70
May	45.10	—	—	45.40
July	45.80	—	—	46.10
Sept	46.50	—	—	46.80
Dec	47.55	—	—	47.85
Jan	47.90	—	—	48.20

COCOA 10 tonnes, $/tonnes

[illegible]

COFFEE "C" 37,500lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56 lb-bushel

[illegible]

SOYABEANS 5,000 bu min, cents/60 lb-bushel

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

WHEAT 5,000 bu min, cents/60lb-bushel

[illegible]

SPOT PRICES—Chicago loose lard [illegible] cents per pound. New York tin [illegible] cents per pound. Handy and Harman silver bullion 619.5 (613.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar keeps to narrow range

The dollar remained within its recent range in very quiet foreign exchange trading. The Bank of Japan sold a small number of dollars in Tokyo and the German Bundesbank intervened at the Frankfurt fixing, but this was not enough to push the dollar lower. At the same time there was no incentive for dealers to take out long dollar positions, as the threat of major intervention continued to overhang the market. Some dealers felt that the central banks did not wish to provide easy profits for speculators, and were chosing their own time to intervene on a large scale. But with Mr Yasuhiro Nakasone visiting Washington this week, and other leaders from the ajor industrial nations due to meet in the U.S., downward pressure on the dollar would continue. There have been no new factors to influence the market so far this week, but today's U.S. figures on durable goods orders and consumer prices in September may have some impact. Durable goods are forecast to rise by about 1 per cent to 1.5 per cent, but this set of figures has been very erratic in the past.

Consumer prices are expected to confirm inflation remains under control, little changed from the August rate of 3.4 per cent.

The dollar rose to DM 2.6405 from DM 2.6365; FFr 8.0475 from FFr 8.04; SwFr 2.1660 from SwFr 2.1650; and Y215.80 from Y215.70.

On Bank of England figures the dollar's i ndex rose to 130.7 from 130.6.

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index closed unchanged at 81.0, compared with 79.3 six months ago. It opened at 81.1 and was steady at that level until 3 pm when the index fell to the day's low of 80.9.

Sterling fell 10 points to $1.4325-1.4335, but continued to improve against most other major currencies. It was virtually unchanged throughout the day at $1.4340, before losing a little ground to a firmer dollar towards the close. Last week's warning from the Chancellor of the Exchequer about the possibility of higher London interest rates gave further support to the pound. Sterling rose to DM 3.7850 from DM 3.78 and FFr 11.5325 from FFr 11.53. It was unchanged at SwFr 3.1050 and Y309.25.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.6190. September average 2.8370. Exchange rate index 128.0 against 123.0 six months ago.

The D-mark weakened slightly against the dollar in very quiet Frankfurt trading. There were no new factors, and the Bundesbank's higher intervention at the fixing was not regarded as a significant attempt to push the dollar lower. The central bank was not seen on the open market, but sold $43m when the dollar was fixed at DM 2.6410, compared with DM 2.6311, in Frankfurt. This was the largest amount sold by the Bundesbank at the fixing since the previous Tuesday. The German economy is expected to perform well next year and the forecast growth is 3 per cent by the country's five leading economic research centres had little impact. Dealers were more concerned about today's U.S. figures on durable goods orders and consumer prices. The dollar closed at DM 2.6405, compared with DM 2.6330 in Frankfurt on Monday.

£ IN NEW YORK

	Oct. 21	Prev. close
£ Spot	$1.4270-1.4280	$ 1.4300-4310
1 month	0.46-0.43 pm	0.46-0.5pm
3 months	1.20-1.16pm	1.20 1.17pm
12months	3.40-3.30pm	3.40-3.30 pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

October 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4300-1.4355	1.4325-1.4335	0.45-0.42c pm	3.64	1.20-1.15pm	3.28
Canada	1.9526-1.9680	1.9545-1.9575	0.56-0.47c pm	3.16	1.46-1.31pm	2.83
Nethlnd.	4.26-4.27¾	4.26½-4.27½	2¼-2c pm	5.97	6-5¾pm	5.44
Belgium	76.51-76.77	76.60-76.70	22-16c pm	2.97	58-48pm	2.77
Denmark	13.70¾-13.73¾	13.71-13.72	2⅞-1⅞ore pm	2.08	9-7⅞pm	2.46
Ireland	1.2200-1.2230	1.2205-1.2215	0.27-0.13p pm	1.97	0.67-0.35pm	1.67
W. Ger.	3.77½-3.79¼	3.78-3.79	2½-2¼pf pm	7.33	6⅞-6¼pm	6.61
Portugal	232-235¾	232½-235½	30-325c dis	-9.10	370-1375dis	-14.91
Spain	230-231¼	231-231½	par-35c dis	-0.91	105-200dis	-2.64
Italy	2,550-2,560¾	2,550½-2,551½	2-5 lire dis	-1.65	8-14dis	-1.72
Norway	11.33½-11.37¾	11.35-11.36	¼-1½ore dis	-0.66	2¼-3½dis	-0.99
France	11.51¼-11.55¾	11.52¾-11.53¾	2½-2¼c pm	2.54	6⅞-4¾pm	1.80
Sweden	11.36-11.40½	11.38-11.39	3¾ 4¾ore dis	-4.28	8¾-9¾dis	-3.18
Japan	308¾-309¾	308¾-309¾	1.45-1.35y pm	5.43	3.85-3.70pm	4.88
Austria	26.54-26.63	26.57-26.60	14½-13gro pm	6.26	38½-34¼pm	5.47
Switz.	3.08¾-3.11¾	3.10-3.11	2¼-1⅞c pm	7.72	5½-5¼pm	6.76

Belgian rate is for convertible francs. Financial franc 77.25-77.35. Six-month forward dollar 2.16-2.11c pm. 12-month 3.45-3.30c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

October 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4300-1.4355	1.4325-1.4335	0.32-0.29y pm	1.70	1.20-1.15pm	3.28
Ireland†	1.1713-1.1748	1.1728-1.1738	0.45-0.42c pm	3.64	0.60-0.35pm	1.62
Canada	1.3635-1.3649	1.3646-1.3648	0.21-0.11c pm	1.64	0.13-0.18dis	-0.45
Nethlnd.	2.9695-2.9820	2.9790-2.9800	0.04-0.07c dis	-0.48	1.64-1.60pm	2.17
Belgium	53.40-53.56	53.45-53.55	0.57-0.54c pm	2.24	6-8dis	-0.52
Denmark	9.55¾-9.58	9.56¾-9.57¼	2-3c dis	-0.56	1¾-2¾dis	-0.84
W. Ger.	2.6340-2.6440	2.6400-2.6410	1-1½ore dis	-1.57	2.27-2.22pm	3.40
Portugal	163-164	163-164	0.81-0.78pf pm	3.61	400-1100dis	-18.35
Spain	161.15-161.53	161.15-161.35	75-275c dis	-12.84	200-275dis	-5.89
Italy	1,778-1,783½	1,779½-1,780½	50-70c dis	-4.46	22-23½dis	-5.10
Norway	7.89½-7.92¾	7.92¼-7.92¾	7-8 lire dis	-5.05	8½-9dis	-4.42
France	8.03-8.05½	8.04½-8.05	2¾-3¼ore dis	-4.65	2.95-3.25dis	-1.54
Sweden	7.92¾-7.95¾	7.94¾-7.94¾	0.75-0.85c dis	-1.19	12½-13dis	-6.42
Japan	215.45-215.95	215.75-215.85	5-5½ore dis	-7.93	0.90-0.86pm	1.63
Austria	18.50½-18.61½	18.51-18.54	4¾-3¾gro pm	2.59	12-9¼pm	2.32
Switz.	2.1620-2.1705	2.1695-2.1695	0.78-0.73c pm	4.18	1.98-1.93pm	3.67

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.90-54.00.

EXCHANGE CROSS RATES

Oct. 21	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.433	3.785	309.3	11.53	3.105	4.270	2551.	1.956	76.65
$	0.698	1.	2.641	215.8	8.048	2.166	2.980	1780.	1.365	53.50
DM	0.264	0.379	1.	81.70	3.047	0.820	1.128	674.0	0.517	20.25
YEN	3.234	4.634	12.24	1000.	37.29	10.04	13.81	8249.	6.325	247.9
F Fr.	0.867	1.243	3.282	268.2	10.	2.692	3.705	2212.	1.696	66.46
S Fr.	0.322	0.462	1.219	99.60	3.714	1.	1.375	821.6	0.630	24.69
H Fl.	0.234	0.336	0.886	72.42	2.701	0.727	1.	597.4	0.458	17.95
Lira	0.392	0.562	1.484	121.2	4.521	1.217	1.674	1000.	0.767	30.05
C $	0.511	0.733	1.935	158.1	5.896	1.587	2.183	1304.	1.	39.19
B Fr.	1.305	1.870	4.938	403.5	15.05	4.051	5.571	3328.	2.552	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

Oct. 21	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmrk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Fin)	8⅞-9⅛	8¾-9	8¾-8⅞	8¾-9	8⅞-9⅛	9 9¼
Br.Fr(Con)	9-9¼	8¾-9	8¾-9	8¾ 9	8⅞-9⅛	9 9¼
Yen	6¼-6⅜	6⅜ 6⅝	6½ 6⅝	6½-6⅝	6⅜ 6⅝	6½-6⅝
D. Krone	9¾-10¼	9¾-10¼	9¼-9¾	9¼-9¾	9¼-9¾	9⅜-9⅞
Asian $ (Sng)	8⅛-8¼	8⅛-8¼	8-8⅛	8⅛-8¼	8⅛-8¼	8½-8⅝

Long-term Eurodollars: two years 9¼-9½ per cent; thre years 9¾-10 per cent; four years 10-10¼ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. Dollars and Japanese Yen; others, two days' notice.

CURRENCY MOVEMENTS

Oct. 22	Bank of England Index	Morgan Guaranty Change %
Sterling	81.0	-9.3
U.S. dollar	130.7	+18.9
Canadian dollar	84.1	-8.6
Austrian schilling	118.7	+5.1
Belgian franc	92.0	-9.9
Danish Kroner	81.5	-3.9
Deutsche mark	128.0	+9.7
Swiss franc	151.4	+13.3
Guilder	117.9	+5.3
French franc	68.6	-12.7
Lire	44.7	-19.8
Yen	169.1	+22.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

OTHER CURRENCIES

Oct. 22	£	$
Arg'tina	1.1472-1.1495	0.8000-0.8010
Aus'alia	2.0390-2.0430	1.4230-1.4245
Brazil	11,859-11,925	8,270-8,310
Finland	8.1305-8.1435	5.6735-5.6755
Greece	219.52-224.62	153.15-156.65
H'kong	11.1650-11.1850	7.7920-7.7970
Iran	123.60*	86.30*
Kuwait	0.4225-0.4235	0.29515-0.29525
Lux'burg	76.60-76.70	53.45-53.55
Malay'sa	3.5230-3.5330	2.4580-2.4600
N'Z'land	2.5250-2.5300	1.7620-1.7745
Saudi Ar.	5.2295-5.2350	3.6495-3.6505
Sin'pore	3.0580-3.0680	2.1335-2.1355
S.Af.(Cm)	3.6850-3.6950	2.5705-2.5775
S.Af.(Fn)	4.8595-5.0305	3.3900-3.5090
U.A.E	5.2615-5.2670	3.6720-3.6730

* Selling rate.

CURRENCY RATES

Oct. 22	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.742822	0.584309
U.S.$	7½	1.06543	0.838192
Canadian $	8.53	*	1.14380
Austria Sch.	4	19.7733	15.5485
Belgian Fr.	9	56.9792	44.8013
Danish Kr.	7	10.1988	8.01940
D mark	4	2.81380	2.21241
Guilder	5	3.17551	2.49681
French Fr.	9½	8.58044	6.74744
Lira	15½	n/a	1492.82
Yen	5	224.653	180.840
Norway Kr.	8	8.43268	6.64057
Span'h Pta.	—	172.048	135.326
Swedish Kr.	10½	8.45792	6.65150
Swiss Fr.	4	2.31036	1.81619
Greek Dr'ch	20½	n/a	129.978
Irish Punt	—	0.907621	0.713912

*C$/SDR rate for Oct 17: 1.44962.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	44.8013	-0.07	+0.61	±1.5425
Danish Krone	8.12857	8.01940	-1.34	-0.66	±1.6421
German D-mark	2.23840	2.21241	-1.16	-0.48	±1.1455
French Franc	6.86402	6.74744	-1.70	-1.02	±1.3654
Dutch Guilder	2.52208	2.49681	-1.00	-0.32	±1.5162
Irish Punt	0.724578	0.713862	-1.47	-0.79	±1.6673
Italian lira	1520.60	1492.82	-1.83	-1.77	±4.0856

Changes are for Ecu, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

FUTURES AND OPTIONS

Rise in $ contracts

Dollar denominated contracts closed around their highs after an uneventful day on the London International Financial Futures Exchange. December U.S. Treasury bonds opened at 76-24, and after touching a low of 76-20 closed at the day's high of 77-00, compared with 76-23 previously. Eurodollars for December moved in a very narrow range, opening at 91.80 and falling to a low of 91.77, before finishing just below the day's peak, at 91.81, compared with the previous settlement of 91.78. Dealers commented that Treasury bond and Eurodollar futures were pushed up by the lack of bonds in the cash market, as a result of the impasse in the U.S. Congress over raising the Federal debt ceiling. Today's auction of two-year notes will do little to ease the shortage of paper, but price rises were restricted by the virtual certainty that Congress will grant increased borrowing limits before the U.S. Treasury runs out of money at the end of this month.

The raising of the debt ceiling will also bring about a very heavy U.S. funding programme, and the shortage of paper will therefore be only temporary.

Other factors helping to underpin prices yesterday, were the relatively high Federal funds rate of over 8 per cent, and signs that the U.S. economy is performing rather sluggishly, possibly encouraging the Federal Reserve to cut its discount rate in the not too distant future. Market estimates for today's September durable goods orders suggested a rise of about 0.5 per cent, but elsewhere this rather erratic figure has been forecast to rise by up to 1.5 per cent.

Three-month sterling deposits for December closed at the day's low of 88.77, compared with 88.87 on Monday, as any hope of lower bank base rates has faded after the Chancellor of the Exchequer's speech at the Mansion House last week. Gilt futures were also weaker, but finished off the day's lows.

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4330	1.4287	1.4213	1.4117	1.3993

IMM—STERLING $s per £

	Close	High	Low	Prev
Dec	1.4265	1.4275	1.4235	1.4265
March	1.4165	1.4185	1.4135	1.4165
June	1.4100	1.4100	1.4050	1.4090

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4260	1.4275	1.4240	1.4265
March	1.4160	1.4170	1.4170	1.4165
June	1.4085	1.4095	1.4095	1.4090

Est. volume 434 (1,890)
Previous day's open int. 3,573 (3,557)

LIFFE—DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3809	0.3811	0.3806	0.3814
March	0.3840	—	—	0.3845
June	0.3874	—	—	0.3879

Est. volume 7 (25)
Previous day's open int. 450 (442)

STERLING INDEX

	Oct 22	Previous
8.30 am	81.1	80.6
9.00 am	81.1	80.8
10.00 am	81.1	81.0
11.00 am	81.1	80.8
Noon	81.1	80.8
1.00 pm	81.1	81.0
2.00 pm	81.1	81.0
3.00 pm	80.9	81.0
4.00 pm	81.0	81.0

LONDON

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	113-27	114-00	113-23	113-31
March	113-29	—	—	114-01
June	112-29	—	—	—
Sept	112-29	—	—	113-01
Dec	112-20	—	—	113-01

Est. volume 2,549 (1,918)
Previous day's open int. 4,857 (4,648)
Basis quote (clean cash price of 13¼% Treasury 2004-08 less equivalent price of near futures contract) -8 to +4 (32nds).

10% NOTIONAL SHORT GILT £100,000 64ths of 100%

	Close	High	Low	Prev
Dec	98-21	98-22	98-18	98-23
March	98-31	—	—	98-33

Est. volume 486 (385)
Previous day's open int. 1,695 (1,682)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
Dec	88.77	88.86	88.77	88.87
March	89.19	89.21	89.19	89.22
June	89.41	89.48	89.40	89.50
Sept	89.36	89.36	89.36	89.30
Dec	89.20	—	—	89.28

Est. volume 2,086 (981)
Previous day's open int. 7,875 (7,753)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Dec	134.05	134.85	133.60	135.00
March	135.05	135.35	135.35	135.95

Est. volume 359 (197)
Previous day's open int. 1,480 (1,439)

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	91.81	91.81	91.77	91.78
March	91.50	91.50	91.46	91.47
June	91.15	91.15	91.12	91.12
Sept	90.82	90.80	90.78	90.79
Dec	90.51	90.51	90.48	90.48

Est. volume 2,466 (3,088)
Previous day's open int. 21,238 (21,456)

LONDON SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	22.50	23.50	23.90	—	0.15	0.55	1.10	—
1.25	18.50	18.70	18.70	—	0.15	1.00	2.00	—
1.30	13.50	13.80	14.70	—	0.35	1.70	3.10	—
1.35	8.70	9.70	10.80	—	0.90	3.00	4.80	—
1.40	4.80	7.00	8.30	121	2.30	5.10	6.90	1
1.45	2.15	4.40	6.00	61	4.80	8.00	9.70	—
1.50	0.80	2.30	4.20	—	9.30	11.00	12.50	—

Previous day's open interest: Calls 8,393, Puts 9,418

PHILADELPHIA SE £/$ OPTIONS £12,500 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	—	23.00	23.00	444	—	—	—	—
1.25	—	—	—	—	0.05	—	—	10
1.30	—	13.40	—	22	0.20	—	—	218
1.35	—	9.00	—	25	—	—	—	—
1.40	4.30	6.50	—	258	—	—	—	—
1.45	2.00	—	—	350	—	—	—	—
1.50	0.80	2.55	—	208	—	—	—	—

LIFFE—EURODOLLAR OPTIONS $1m points of 100%

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
90.00	1.81	1.54	1.34	—	0.00	0.04	0.19	—
90.50	1.31	1.10	0.96	—	0.00	0.10	0.31	—
91.00	0.83	0.71	0.64	60	0.02	0.21	0.49	71
91.50	0.40	0.40	0.39	25	0.09	0.40	0.74	207
92.00	0.12	0.18	0.21	105	0.31	0.68	1.06	30
92.50	0.02	0.07	—	—	0.71	1.07	—	—
93.00	0.00	—	—	—	1.19	—	—	—

Previous day's open interest: Calls 2,415, Puts 2,867

LIFFE £/$ OPTIONS £25,000 (cents per £1)

Strike price	Calls—Last Dec	March	June	Vol	Puts—Last Dec	March	June	Vol
1.20	22.40	22.40	22.40	—	0.00	0.30	0.95	—
1.25	18.40	18.40	18.40	—	0.02	0.70	1.76	—
1.30	13.40	13.40	13.84	5	0.13	1.52	2.99	—
1.35	8.40	9.48	10.58	5	0.62	2.88	4.72	10
1.40	4.53	6.31	7.85	65	1.93	4.81	7.00	101
1.45	2.06	4.24	5.65	251	4.46	7.64	9.80	101
1.50	0.76	2.61	3.95	235	8.15	11.01	13.10	—

Previous day's open interest: Calls 9,242, Puts 15,830

U.S. TREASURY BONDS

8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	77-00	77-00	76-20	76-23
March	75-23	—	—	75-14

Est. volume 1,939 (1,333)
Previous day's open int. 3,059 (3,078)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	76-30	77-00	76-20	76-23
March	75-30	76-22	75-12	75-14
June	74-17	74-18	74-06	74-10
Sept	73-15	73-16	73-06	73-09
Dec	72-17	72-17	72-08	72-11
March	71-21	71-21	71-21	71-15
June	—	—	—	70-22
Sept	—	—	—	—
Dec	—	—	—	69-10
March	—	—	—	68-22

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.84	92.84	92.80	92.82
March	92.64	92.64	92.60	92.62
June	92.30	92.31	92.27	92.28
Sept	91.98	91.98	91.96	91.96
Dec	91.69	91.69	91.67	91.66
March	91.39	91.39	—	91.38
June	91.15	91.15	—	91.14
Sept	90.94	90.94	90.94	90.94

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	92.11	92.11	92.10	92.11
March	91.79	91.79	—	91.77
June	91.44	91.44	—	91.39
Sept	—	—	—	91.06

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.81	91.82	91.77	91.79
March	91.49	91.50	91.46	91.48
June	91.14	91.16	91.10	91.12
Sept	90.81	90.81	90.76	90.76
Dec	90.49	90.49	90.44	90.44
March	90.19	90.19	90.14	90.14
June	89.91	89.91	89.88	89.86
Sept	89.63	89.63	—	89.60

MONEY MARKETS

Rates slightly firmer in London

Interest rates were slightly firmer on the London money market yesterday. Three-month interbank close dat $11\frac{9}{16}$-$11\frac{7}{16}$ per cent, compared with $11\frac{1}{2}$-$11\frac{7}{16}$ per cent. Discount houses buying rates for three-month bank bills were $11\frac{11}{32}$-$11\frac{5}{16}$ per cent, against $11\frac{5}{16}$ per cent.

The Bank of England forecast a money market shortage of £800m in the morning, but revised this to £750m at noon, and to £650m in the afternoon. Total help of £665m was provided through outright purchases of bills.

Before lunch the authorities bought £257m bills, by way of £46m bank bills in band 1 (up to 14 days maturity) at $11\frac{3}{8}$ per cent; £111m bank bills in band 2 (15-33 days) at $11\frac{5}{16}$ per cent; £85m bank bills in band 3 (34-63 days) at $11\frac{1}{4}$ per cent; and £15m bank bills in band 4 (64-91 days) at $11\frac{3}{16}$ per cent.

In the afternoon another £408m bills were bought, through £107m bank bills in band 1 at $11\frac{3}{8}$ per cent; £147m bank bills in band 2 at $11\frac{5}{16}$ per cent; £1m local authority bills and £146m bank bills in band 3 at $11\frac{1}{4}$ per cent; and £7m local authority bills in band 4 at $11\frac{3}{16}$ per cent.

In Frankfurt the Bundesbank accepted bids of only DM 9.3bn, for a 29-day securities repurchase agreement, at an already announced rate of 4.55 per cent. This will tighten credit conditions, as DM 12.8bn flows out of the market today from an expiring agreement. Bids at yesterday's tender totalled DM 13.2bn.

In Rome the Bank of Italy's offer of a repurchase agreement for L1,250 bn was fully subscribed, at an average rate of 16.31 per cent, compared with a rate of 16.95 per cent on a similar open market tender on October 15. Long term Treasury certificates and medium term bills were offered for repurchase at values up to November 14. The central bank received 13 bids, of which five were accepted in full and one partially.

In Brussels the Belgian National Bank cut the interest rates on two-month Treasury certificates to 8.70 per cent from 8.75 per cent, and on three-month certificates to 8.8 per cent from 8.9 per cent. The one-month rate remains at 8.6 per cent. The rates were last reduced on October 15.

UK clearing banks base lending rate 11½ per cent since July 30.

NEW YORK RATES

(Lunchtime)

Prime rate	9½
Broker loan rate	9
Fed funds	8 3/16
Fed funds at intervention	8 3/16
Treasury Bills & Bonds	
One month	7.09
Two month	7.24
Three month	7.38
Six month	7.69
One year	7.93
Two year	8.78
Three year	9.08
Four year	9.40
Five year	9.61
Seven year	9.99
10 year	10.12
30 year	10.40

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 22)

Three months U.S. dollars		Six months U.S. dollars	
bid 8 1/16	offer 8 3/16	bid 8 5/16	offer 8 5/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Oct. 22	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	7-11¾	11⅝ 11¾	11 9/16-11 7/16	11½-11⅝	11⅝-11½	11⅛-11⅜
Sterling CDs	—	—	11 9/16-11 7/16	11⅝-11 7/16	11 7/16-11 5/16	10⅞-11 1/32
Local Authority Depos	11⅛	11⅝-11½	11⅝	11½	11⅜	11⅛
Local Author'y Bonds	—	—	12	11⅞	11 5/8	11⅝
Discount Mkt Depos.	7-11½	11½	11⅝-11½	11⅛-11¼	—	—
Company Depos	9½-11¾	11¾ 11½	11¾	11⅝	—	—
Finance Hse Depos	—	—	11⅝	11⅝	11 7/16	11 5/16
Treasury Bills (Buy)	—	—	11 5/16	11 5/16 11 5/16	—	—
Bank Bills (Buy)	—	—	11 13/32	11 9/32-11 5/16	10 15/16-10 13/16	—
Fine Trade Bills (Buy)	—	—	11¾	11½	11⅜	—
Dollar CDs	—	—	7.85-7.95	7.9-8.0	8.05-8.15	8.35-8.45
SDR Linked Depos	—	—	7 9/16-7 13/16	7 11/16-7 13/16	7 13/16-8 1/16	8-8¼
ECU Linked Depos	—	—	8-8¼	8⅜-8⅝	8½-8⅝	8¾-8⅞

Treasury Bills (sell): one-month 11¼ per cent; three-month 11 5/32 per cent. Bank bills (sell): one-month 11 9/32 per cent; three-month 11¼ per cent. Treasury Bills: Average tender rate of discount 11.0982 per cent. ECGD Fixed Finance IV: September 4 to October 1 (inclusive): 11.597 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from October 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 percent (net). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10¾ per cent from October 2. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7½ per cent.

MONEY RATES

Oct. 22	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.45-4.55	4.60-4.75	4.6-4.7	4.70-4.85	4.75-4.85	5.5
Paris	9⅛	9⅛ 9¼	9⅛ 9¼	9 3/16-9 5/16	9¼-9⅜	9⅛
Zurich	⅞-1⅛	4-4⅛	—	4½-4⅝	—	—
Amsterdam	5¾-5 15/16	5⅞-5 15/16	—	5⅞-5 15/16	5 13/16-5 15/16	—
Tokyo	6.40625	6.46875	—	6.46875	—	—
Milan	14⅛-14½	14¼-14⅝	—	14¼-14⅝	—	—
Brussels	6.46	8⅝ 8⅞	—	8⅝-8⅞	8¾-9	—
Dublin	10-10¼	9¾-10	9¾-10	9¾-10	9⅞-10⅛	—

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LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101	99½	Exch. 12¼pc 1985	100 xd		11.74	11.21
101	99	Exch. 11½pc '86	100	–	10.05	10.98
99¾	97	Treas. 10pcCnv 1986	99½	–	3.12	10.00
96½	92¾	Treas 3pc 1986	96¼ xd		10.53	11.00
100	97½	Exch. 10½pc Cv '86	99 xd	–	11.90	11.06
101⅞	99¼	Treas 12pc 1986	100½	–	8.64	10.83
98½	94¼	Treas. 8¼pc 1984-86‡‡	98¾		13.60	10.88
105	102	Exch. 14pc 1986	102 xd		2.64	8.00
94½	87¾	Exch 2½pc 1986	94 xd	+	12.89	10.72
104	101¼	Exch. 13¼pc 1987	102¼	–	10.30	10.63
99	96⅝	Treas 10¼pcCv '87	99		2.68	8.10
93¼	85½	Exch 2½pc 1987	93		10.53	10.64
100	96¾	Exch 10½pc 1987	99	–	6.82	9.97
95	89	Funding 6½pc '85-87‡‡	95¼ xd		10.09	10.60
99	95½	Treas. 10pc 1987	99	–	3.28	8.38
91¾	84¾	Treas 3pc 1987	91½		11.71	10.65
102	99⅛	Treas 12pc 1987	102 xd	–	8.16	10.28
95	90¼	Treas 7¾pc 1985-88‡‡	94	–	10.51	10.56
100	95⅛	Exch 10½pc '88	99 xd	–	9.95	10.62
98⅛	93⅛	Treas 9¾pc Cv '88	98	–	3.44	8.41
87	80	Transport 3pc '78-88	87		9.77	10.59
97⅜	91½	Treas. 9½pc '88	97¼ xd	–	11.21	10.53
102¼	97½	Treas 11½pc 1989	102	–⅛	9.79	10.55
97	90¾	Treas 9½pc Cnv '89	97	–½	3.57	8.30
84	79	Treas 3pc 1989	84 xd	+	10.53	10.59
99⅞	94	Treas 10½pc 1989	99	–	10.18	10.55
98⅛	92	Exch 10pc 1989	98¼	–	10.84	10.55
101	95	Exch 11pc 1989	101⅛	–	5.79	9.18
86⅜	79	Treas 5pc 1986-89	86		11.97	10.43
108	103⅛	Treas 13pc 1990‡‡	108½	–⅛	10.84	10.55
101⅝	96	Exch 11pc 1990‡‡	101	–⅛	11.69	10.51
108¾	100¼	Exch. 12½pc 1990	106⅞	–⅛	3.74	8.30
80	75¾	Treas 3pc 1990●	80 xd	+	8.87	10.17
93⅛	87½	Treas 8¼pc 1987-90‡‡	93	–		

Five to Fifteen Years

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101⅛	91⅞	Treas. 10pcCv 1990	98 xd		10.20	10.51
108	97⅛	Treas 11¾pc 1991	108	+⅛	11.23	10.54
87⅞	80	Funding 5¾pc '87-91‡‡	86⅞		6.64	8.91
105¼	95	Exch. 11pc 1991	102 xd	+⅛	10.78	10.53
113	101⅝	Treas 12¾pc 1992‡‡	113	+⅛	11.62	10.55
99⅞	88⅝	Treas 10pc 1992	99¼		10.20	10.41
104	94¼	Treas 10½pc Cv 1992‡‡	99¼ xd		10.48	10.47
110¼	98¼	Exch. 12¼pc '92	109½	+½	11.39	10.66
117¼	105	Exch 13½pc 1992	114¼		11.94	10.76
113	101¼	Treas 12½pc 1993‡‡	113		11.41	10.64
83⅛	74¼	Funding 6pc 1993‡‡	82⅞		7.29	9.21
121⅝	109¼	Treas 13¾pc 1993‡‡	115¼ xd		11.81	10.68
125¾	111¼	Treas 14½pc 1994‡‡	123¼		11.95	10.59
119⅛	108⅛	Exch 13½pc 1994	115 xd		11.72	10.74
113¼	100⅛	Exch. 12½pc 1994	112⅛	+⅛	11.34	10.67
95¼	86¼	Treas 9pc 1994‡‡	91⅞ xd		9.76	10.34
110½	98⅜	Treas 12pc 1995	110½		11.16	10.68
71½	62¼	Gas 3pc '90-95	70¼ xd		4.26	7.40
100⅝	89⅞	Exch. 10¼pc 1995	100½	–⅛	10.47	10.60
118¼	106¼	Treas 12¾pc 1995‡‡	112⅛ xd		11.26	10.60
123½	110⅛	Treas. 14pc '96	123½		11.67	10.72
94⅛	84½	Treas 9pc 1992-96‡‡	92⅞		9.82	10.32
134⅛	121⅜	Treas 15¼pc 1996‡‡	127¼ xd		11.89	10.73
122¼	110¼	Exch 13¼pc 1996‡‡	116⅛ xd		11.33	10.56
77¼	68½	Redemption 3pc 1986-96	76⅞		3.91	5.92
120⅛	108¼	Treas 13¼pc 1997‡‡	120⅛	–⅛	11.30	10.57
102⅛	90½	Exch 10½pc 1997	101¼	–⅛	10.51	10.49
91⅞	80½	Treas 8¾pc 1997‡‡	90⅞		9.79	10.32
132⅛	120⅝	Exch. 15pc 1997	127⅞ xd	–⅛	11.71	10.78
98⅛	87⅝	Exch. 9¾pc 1998	98	–⅛	10.22	10.40
79⅛	70⅞	Treas 6¾pc 1995-98‡‡	77⅛ xd	–⅛	8.73	9.97
138¼	122⅞	Treas 15½pc '98‡‡	134	–⅛	11.68	10.72
115⅛	103¼	Exch. 12pc 1998	109⅞ xd	–⅛	10.85	10.51
97½	86⅝	Treas 9½pc 1999‡‡	97¼		10.02	10.22
116¼	103⅝	Exch. 12¼pc 1999	113⅝	–⅛	10.87	10.47
105⅛	94¼	Treas 10½pc 1999	100⅜ xd	–⅛	10.38	10.35
103¼	92⅛	Conversion 10¼pc 1999	98½ xd	–⅛	10.32	10.35
122¼	109⅝	Treas. 13pc 2000	122⅛	–¼	10.94	10.46

Over Fifteen Years

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
40⅝	40	Tr 10pc 2001 (£40 pd)	40¼	–⅛	11.16	10.21
128¼	115⅛	Treas. 14pc '98-01	121⅞ xd	–⅛	11.38	10.65
98½	92	Conversion 9¾pc 2001	98¼	–⅛	10.13	10.22
114⅛	102	Exch 12pc '99-02	114	–⅛	10.82	10.44
101¼	92⅛	Conversion 10pc 2002	98⅜	–⅛	10.17	10.22
98	94⅞	Treas 9¾pc 2002	97⅜	–⅛	10.13	10.22
128	114⅝	Treas. 13¾pc 2000-03	127⅞	–⅛	10.07	10.48
113¾	101¼	Treas. 11½pc 2001-04	110½	–⅛	10.51	10.27
101¼	95	Treas. 10pc 2004	98¼ xd	–⅛	10.10	10.13
53¼	46⅛	Funding 3½pc '99-04	53¼ xd	+⅛	6.70	8.71
97⅛	89⅞	Conversion 9½pc 2004	94⅞ xd	–⅛	10.00	10.10
95½	95¼	Conversion 9½pc 2005	95¼	–⅛	9.99	10.08
108¼	94½	Exch. 10½pc 2005	104⅛	–⅛	10.15	10.09
122⅛	111¼	Treas. 12½pc 2003-05	117¼ xd	–⅛	10.57	10.27
85⅞	79	Treas. 8pc 2002-06‡‡	84⅛	–⅛	9.55	9.85
115½	103⅛	Treas. 11¾pc 2003-07	115⅛	–⅛	10.48	10.22
130⅛	117½	Treas. 13½pc '04-08	127½	–⅛	10.67	10.27
63¼	57⅛	Treas. 5½pc 2008-12‡‡	62⅛	–⅛	8.95	9.48
83½	75¼	Treas. 7¾pc 2012-15‡‡	83⅛	–⅛	9.51	9.65
[illegible]	[illegible]	Exch. 12pc '13-'17	124⅛	–⅛	10.02	9.90

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AMERICANS

[illegible]

AMERICANS—Cont.

1985 High	Low	Stock
		American T & T
79¼	61¼	Ameritech $1
25	15½	Amfaci
47p	20½p	♥AndTech
18½	919p	Bankamerica $1
60½	41⅞	Bankers N Y $1
12½	477p	BASIX Corp
80⅞	60¼	Bell Atlantic $1
34¼	26⅞	Bellsouth $1
19¼	11¼	♥Beth Steel $8
24	14⅞	Bowater Inc.
40¼	31¼	Brown'g-Fer.
37¼	23⅝	Brunswick Corp
39⅞	29⅛	CPC Intnl. 25c
25	16⅛	CSX Corp U.S.
19¼	11¼	CalFed Inc $1
32⅞	25	Campbell Soup
31½	23¼	Caterpillar Tra
903p	551p	Cenergy Corp
52¼	34⅝	Chase M'htn $
38¼	23⅞	Chemical New
34¼	22	Cheseborough-Po
32⅛	24⅛	Chrysler $6¼
42¼	27⅞	Citicorp $4
10½	662p	CityFed Fin C
23⅛	18⅛	Colgate-P $1
57⅛	41	Colt Inds. $1
681p	460p	Cont Illinois
155p	40p	Cont Illinois H
238c	49p	♥Corporate Da
36¼	25¼	Crown Zell $
44¼	959p	Cullinet Sftw
506p	248p	Damson Oil
29	16	Dana Corp $1
67	22½	Data General
77p	18p	♥Derma-Lock
67	49⅛	Dun & Bradst
55½	36½	Eaton Corpn.
46½	34	♥Exxon
20⅞	12⅛	FPL Group $
474p	374p	Fm. Corpn.
23⅛	14⅛	First Chicago
17⅝	10⅛	Fluor Corpn
45¼	12⅝	Ford Motor $
33¼	30⅛	GATX 62½c
60⅛	39⅞	Gen. Elect $
84¼	46	Gen Foods
55⅛	41⅝	Gillette $1
16½	10⅛	Gt Am First S
25⅞	16⅛	Gt Western
29⅞	19⅛	Hasbro Inc
21¼	12⅞	Home Feder
61¼	41⅞	Honeywell $
44⅛	20	Hospital Co
22⅛	18¼	Houston Ind
128½	86	IBM Corpn
32⅛	21¼	IC Industries
31½	22	ITT Corpn
424p	124p	♥Imatron In
47⅛	35⅛	Ingersoll-R
20½	12	Irvulco $1
17⅛	797p	IU Intnl $
49⅝	31⅞	Lockheed
24	17⅛	Lone Star
34⅞	22⅛	Louisiana L
27½	14⅛	Lowe's 50c
37¼	24	Manuf. Ha
33½	22⅞	Martin Mar
33⅛	19¼	Merrill Ly
162p	42p	♥Microcom
45½	30⅞	MidCon Co
44⅛	30⅛	Morgan (J
76⅛	54⅛	NYNEX $
29⅛	21½	PHH
16½	12⅛	Pacific Ga
68½	48⅛	Pacific Te
36¼	25¼	Pall Corp
40	27½	Pennzoil
45⅛	32½	Pittsburgh
41⅞	29⅛	Quaker Oa
41⅝	30⅛	Rep NY C
14⅛	953p	Rexnord
36¼	24½	Rockwell
52	37⅛	Rohr Inds
34½	27⅛	Sara Lee
16⅛	11⅞	Saul (B. F.
70	52⅞	Southwest
49½	32½	Sperry Co
48⅛	32⅞	Sun Co. I
76⅛	53¼	TRW Inc
38⅛	25⅞	Tenneco
202	145	Do 10pc
34¼	24⅛	Texaco $
47⅛	35⅛	Time Inc
26	12½	Tracor $
28	18⅞	Transam
34⅛	18½	Transwo
42⅞	29⅛	Union C
41⅞	26	Utd Tec
26⅞	19⅛	♥US Su
70½	51⅛	US Wes
39⅛	31⅝	♥Wool

CANADIANS

1985 High	Low	Stock
55p	35p	♥Abbot
19¼	15	Bk. Mon
981p	633p	Bk. Nov
105p	60p	♥Barr
26½	20⅛	BCE I
14⅛	684p	♥Bow V
24⅛	14⅛	Brasca
475p	300p	♥Brea
21¼	16⅛	Can Im
14¼	824p	Can P
36½	32½	Do 4

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	34	Maclellan (P & W) 20p	45	...	†1.7	2.3	5.4	9.3
77	46	Magnolia Group	74	...	2.6	3.0	5.0	9.0
48	28	Mammet Hldgs 10p	42	...	—	—	—	♦
480	202	Man. Ship Can. £1	460	+3	5.5	3.5	1.7	24.2
104	70	Marley	88	−2	3.75	2.2	6.1	10.6
107	52	Marling Ind. 10p	85	...	d1.5	5.1	2.5	10.8
82	36	Marshall L'sy. 'A'	72	−2	†2.4	4.9	4.8	5.2
77	55	Marshall's Universal	58	...	†2.0	1.4	5.0	(18.1)
86	78	Do. 7½pcCnRedPf £1	83	...	7½%	—	12.9	—
£99	£81	Mathesons 7¼%	£99	...	Q7¼%	2.3	8.0	—
35	15	Maxiprint 1p	15	...	—	—	—	—
520	375	Metal Box £1	510	−7	17.25	3.1	4.8	7.7
170	110	Metal Closures	122	−3	6.7	2.0	7.8	7.6
17	3	Metal Sciences 2½p	6½		—	—	—	—
104	63	Midland Marts	77		4.0	2.1	7.5	9.1
*83½	55½	Mitchell Cotts	67½	+1½	4.25	♦	9.3	♦
230	182	Morgan Crucible	202	+4	18.0	1.6	5.8	13.7
33	22	Morris (W) F.A. 20p	25	−7	g0.5	♦	2.9	♦
131	91	Moss (Robt.) 10p	126	...	3.0	2.5	3.4	13.9
81	60	Mysen Grp 10p	61	−1	g2.5	3.4	6.0	11.4
328	214	NMW Computers	260xd	...	†h4.8	2.7	2.6	20.0
43	28	Nash Inds.	38	...	‡2.5	1.5	‡	6.9

LEISURE—Continued

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
210	177	Central TV N/V 50p	205	...	10.5	2.3	7.3	8.5
235	170	Chrysalis	230	−5	5.6	2.6	3.5	14.9
52	7	Entertain Prod 5p	15	...	bd2.25	2.1	21.4	2.6
78	50	Fairline Boats 10p	73	+1	12.63	2.6	5.1	10.4
391	228	First Leisure £1	389	...	16.5	2.8	2.4	18.2
69	51	GRA Group 5p	61½	+3½	—	—	—	82.1
32	25	Grampian TVA 10p	30	...	A1.67	♦	7.9	♦
167	117	HTV Non/Vtg.	152xd	...	7.7	♦	7.2	♦
148	78	Horizon	87	+2	♦4.4	3.6	7.2	3.9
184	90	Insight	162	+10	♦12.5	6.5	2.2	10.0
140	102	Intl Leisure 10p	120	...	4.2	3.1	5.7	6.6
232	115	Juliana's Hldgs 2p	127xd	...	†2.0	1.8	2.0	20.9
300	217	LWT	282	...	14.4	2.3	7.3	8.5
38	25	Leisure Inv 10p	34	...	—	—	—	♦
65	53	Leisuretime Int 10p	55	...	†2.1	3.9	5.5	5.9
115	98	Lewmar	111	+1	a2.63	3.0	3.4	13.7
183	153	Media Tech Int 20p	167	...	g2.58	5.4	2.2	13.6
205	129	Mediamaster 10p	165	...	5.35	♦	4.7	♦
280	175	Mecca World 10p	240	−5	3.6	4.1	2.1	16.4
127½	70	Waterside Leisure	74	...	†3.75	2.5	7.2	6.6
39	14½	Nuovo Int 20c	35½	...	—	—	—	—
27	19½	Owners Abroad	22½	...	1.0	2.2	6.3	10.0

MINES—Continued

Miscellaneous

1985 High	1985 Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
350	117	Centennial Min's.	162	−3	—	—	—
120	50	Colby Res Corp.	50	...	—	—	—
550	225	Cons. Murch. 10c	225	−45	Q086½c	3.9	10.0
40	29	Emen Int Ir10p	30	...	—	—	—
123	93	Greenwich Res	100	...	—	—	—
215	115	Hampton Areas 10p	128	−2	3.75	0.9	3.9
260	135	Highwood Res	155	...	—	—	—
£22½	£16⅝	Homestake Mining $1	£16⅝	−⅛	Q20c	—	0.9
310	155	McFinley Red Lake	230	+5	—	—	—
335	195	Mosto Explorations	225	−7	—	—	—
55	23	New Sabina Res C$1	40	−2	—	—	—
375	195	Northgate C$1	200	−5	—	—	—
685	530	RTZ	535	−5	†20.0	2.8	5.4
£145½	£116½	Do 9¾pcLn '95-2000	£123	−1	Q9½%	14.0	(7.9)
980	910	Tara Expln $1	912	...	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	98	...	Arnotts	210	+5
Craig & Rose £1	700	...	CPI Hldgs	63	+1
Finlay Pkg. 5p	54	...	Carrol Inds.	140	...
Higsons Brew	236	...	Dublin Gas	77	...
Holt (Jos) 25p	715xd	...	Hall (R. & H.)	59	...
IoM Stm. £1	87	...	Helton Hldgs.	22	...
IRISH			Irish Ropes	45	...
Fund 11¼% 1988	£101½	...	Unidare	108	+3
Nat. 9¾% 84/89	£97¼	−¼	For Jacob (W. & R.) see Foods		
Fin. 13% 97/02	£108¼	...			

"Recent Issues" and "Rights" Page 38
(International Edition Page 36)

LONDON STOCK EXCHANGE

MARKET REPORT

Equities lose further ground in dull trading session
Lloyds lead clearing banks lower

Account Dealing Dates

Option *First Dealings	Declara- tions	Last Dealings	Account Day
Oct 14	Oct 24	Oct 25	Nov 4
Oct 28	Nov 7	Nov 8	Nov 18
Nov 11	Nov 21	Nov 22	Dec 2

* "New-time" dealings may take place from 9.30 am two business days earlier.

Blue chip industrials went into reverse in London yesterday as investors retreated to await a new lead. Only twenty four hours after the record Elders IXL offer for *Allied-Lyons, bid* fervour also evaporated. The outcome was a slow session with values drifting progressively lower until the late business. Sporadic covering of professional positions then raised leading shares from the lowest levels, leaving the FT Ordinary share index 7 points down on the day at 1041.0, after 1037.7.

The threat of defence spending cuts and nervousness ahead of the ICI third-quarter results, due to be announced tomorrow, were *other unsettling influences.* But the main action of the session was confined to the banking sector. Aggressive selling of the four major clearing Banks accompanied revived rumours that Lloyds Bank was experiencing difficulties over Far Eastern loans, notably in Hong Kong. The bank denied the allegations and stated that provisions for the losses incurred had been made *in* 1983. Share prices subsequently rallied but the sector remained sensitive to any further offerings.

The volume of selling elsewhere was light and largely consisted of profit-taking after the recent sustained advance. In the absence of fresh support, however, dealers were reluctant to take too much stock on their books. A few were taking the view that the current bull market phase could be nearing its end but the majority kept their options open and maintained a cautious attitude until the close of the current trading Account on Friday.

The exchange rate's continued stability against the U.S. currency made little impression on potential buyers of Gilt-edged securities. Persistent small sales took a toll on both short and longer maturities, bringing falls ranging to ⅜, but medium life issues resisted the dullness. Index-linked issues edged forward as much as ⅜ in places following comment on their real return. Brokers Wood Mackenzie reports that the sector is standing at a record low to conventional Gilts.

Lloyds lower

Adverse rumours left Lloyds 12 lower at 440p, after 435p, while the other recently firm clearers reacted sharply in sympathy. NatWest closed the same amount down at 690p, while Midland relinquished 3 at 415p, after initially touching a new 1985 peak of 422p. Barclays finished 5 off at 417p, after 413p. Elsewhere, merchant banks continued to attract selective support. Mercury Securities advanced 15 afresh to 605p as *dealers awaited finalised details* of the proposed merger with stockjobber Akroyd and Smithers, 30 better at 470p. Manson Finance Trust edged forward a couple of pence more to 32p following renewed speculative demand.

Monday's late news that Corroon and Black of the U.S. had increased its stake in Minet to just over 25 per cent made scant impression on the latter which held the overnight level of 228p. Other Lloyds Brokers, however, gained ground. C. E. Heath led the way with a rise of 17 at 660p and Sedgwick appreciated 5 at 370p. Abbey Life's interim figures were deemed uninspiring and the shares drifted down 10 to 229p. Among Composites, Commercial Union cheapened 6 to 250p on profit-taking.

Several recently-issued equities moved against the general trend including Radius and Questel, which rose 7 apiece to 97p and 187p respectively.

Allied-Lyons, down to 268p at one stage, attracted support after-hours and finished 4 dearer on balance at 274p awaiting further developments in the wake of the hostile bid from Australia's Elders IXL, 5 cheaper at 195p. The long-awaited offer, however, failed to stimulate activity elsewhere in the drinks sector. Dealers expressed disappointment over the level of business and most leading Breweries were content to drift gently lower throughout. Regionals also gave ground with Greene King particularly vulnerable at 226p, down 6. Profit-taking was evident in Distillers which dipped to 417p before settling 6 off on balance at 420p.

Harris Queensway up

Interest in the Building sector was at a relatively low ebb. Crest Nicholson responded afresh to its agreed bid for C. H. Pearce and closed 7 higher at 128p, while C. H. Pearce stayed at 675p. SGB held at 226p despite substantial offerings ahead of the result of C. H. Beazer's tender offer, which closes today. Henderson Group remained a nervous market awaiting the interim results, due soon, and gave up 5 more at 225p. Baggeridge Brick, in contrast, closed 5 dearer at a new peak for the year of 315p.

Harris Queensway bucked the trend in otherwise quietly dull Retailers and gained 8 to 262p after revealing first-half profits in excess of most analysts expectations. Marks and Spencer, scheduled to announce interim results next Tuesday, encountered small nervous offerings and gave up 3 to 168p. GUS A eased 5 to 835p, after 832p, and the Ordinary shares were also 5 off at 915p the price for the latter in Tuesday's issue was incorrect. Noteworthy movements among secondary Stores were rare. Owen Owen, firm recently amid hopes of a counter-bid, diped 15 to 475p, while original suitors, USM-quoted Clayform Properties, eased a couple of pence *to* 238p.

A subdued Electrical sector was featured by Bowthorpe which rose 15 to 355p, after 360p, on revived takeover speculation.

Occasional profit-taking left its mark on Engineerings but the losses were usually limited to a few pence. Clayton Son, however, resisted the trend, and rose 7 more ahead of Friday's interim figures. Weir Group, in contrast, eased 2½ to 68p, while falls of a few pence were recorded in Fife Indmar, 60p, and Neepsend, 22½p. Leading issues continued to drift lower with falls of around 5 being sustained by GKN, 252p, Hawker, 397p, and Vickers, 305p.

Leading Foods followed the general trend with quotations drifting lower on profit-taking. Tate and Lyle *dropped* 7 *to* 493p and Rowntree Mackintosh 8 to 395p while Cadbury Schweppes softened a penny to 150p. Secondary issues were featured by a jump of 22 to 370p in Pyke following news of the agreed share-exchange bid from Hillsdown, a couple of pence lower at 175p.

Profit-taking in the absence of further news of the possible management buy-out of Mecca Leisure and Warner Holidays left Grand Metropolitan 7 down at 353p, after 350p.

Wolseley-Hughes

Wolseley-Hughes featured a rise of 19 to 437p in response to *good preliminary* figures, but Silentnight contrasted with a fall of 4 to 30p, after 28p, on the half-year loss and passing of the interim dividend. The sharp fall in mid-term profits left William Morris Fine Arts with a loss of 7 at 25p, but Pentland Industries *advanced to 355p on the third-*quarter figures of Reebok International before reacting to close unaltered on the day at *340p.* U.S. demand *prompted* a gain of 4 to 83p in Hawley Group and Insight improved 10 to 164p in sympathy. Furniture shares *continued to trade* firmly, Parker Knoll A rising 4 more to 254p and Gomme a couple of pence further to 50p. Buying *interest revived in* Morgan Crucible, 4 to the good at 202p, but Beulox, reflecting the interim loss, gave up 4 at 24p. Press *mention* left Associated British Ports 10 up at 404p.

Two firm features emerged in the Leisure sector. Humphries advanced 4 to 33p, after 34p, in reply to the agreed 33½p per share cash bid from Lee Inter*national,* while GRA gained 3½ to 61½p following speculative buying on consideration of the group's property development *prospects.*

Wingate provided the Property sector with an outstanding late feature; the shares jumping 35 to a *1985 high of 140p on* news of the agreed merger with Trafford Park Estates, a couple of pence off at 233p. Elsewhere, profit-taking in the absence of the widely-rumoured bid from Lloyds Bank saw Bairstow Eves touch 112p before closing a net 6 down on balance at 113p.

Shipping plotted an irregular course. British and Commonwealth hardened a few pence to 330p awaiting tomorrow's interim figures, while Walter Runciman rose 3 to 94p in late trading following the first-half profits recovery. In contrast, profit-taking clipped 5 from P & O Deferred at 433p, and Milford Docks shed 5 to 72p, after 70p, *for a similar reason.*

Virtually all of the South African industrial issues fell away sharply to trade at 1985 lows. *Notable weak spots in the* sector included Barlow Rand, 30 off at 210p, South African Breweries, which dropped 27 to 143p.

Financials were highlighted by a fresh flurry of speculative support for Smith Bros which advanced 8 to a new peak of 166p following news that Gartmore Information and Financial Trust holds a non-disclosable stake in the company; it was also announced that the Smith New Court subsidiary intends to enter the Australian market as a corporate member of the Melbourne stock exchange. Elsewhere, Ireland's Silvermines gave up 5 at 123p following the interim statement.

Oils down again

BP's in-house restructuring of credit lines totalling £4.5bn saw the company's shares marked up to 555p at the outset. However, the emergence of persistent sellers throughout the oil market quickly unsettled BP which subsequently ran back to close unchanged on the day at 550p. Shell were under pressure throughout the session and were finally 10p off at 680p, as were LASMO at 250p. Britoil partly-paid shares eased a penny to 125p; the second and final instalment of 85p falls due on November 1. Secondary issues provided a firm feature in British Borneo which jumped 10 to 355p in response to persistent small buying in a restricted market. Caledonian Offshore remained a depressed market and lost 20 more to 300p, while South Africa's SASOL dropped a like *amount to 165p—a two-day fall* of 33—reflecting the latest downward pressure on the South African currency. Elsewhere, speculative buying prompted good gains in Gulfstream Resources, 10 better at 85p, and Night Hawk Resources, 8 firmer at 115p.

Golds weak

South African sectors of *mining markets fell sharply for* the fifth successive trading session following another steep decline in the Financial Rand *against the U.S. dollar.* The *latest fall in the* Rand came in the wake of the 1 per cent cut in the South African central bank rate—which is expected to result in a reduction *in prime* rates—and the recent imposition of further limited economic sanctions against South Africa by Commonwealth Heads of Government.

Professional operators were persistent sellers of gold and related issues for much of the day, and quickly got the upper hand at the outset of trading, despite sustained buying interest from a number of London sources. Share prices consequently retreated throughout the morning and early afternoon but staged a modest rally after-hours on the appearance of good support from New York. The late *demand from* the U.S. reflected a flurry of buying interest in bullion which closed a net $2 firmer at $327.75 an ounce, having traded below $326 *for* most of the day.

The Gold mines index extended its recent steep decline and lost a further 18.9 to 253.8 —a fall of more than 46 points over the past five trading days.

Heavyweight Golds bore the brunt of the selling pressure with "Amgold" particularly weak and finally £4½ lower at £38½. Randfontein and Vaal Reefs showed falls of £3½ apiece at £47 and £39½ respectively, while Western Deep lost £2½ at £20⅝ and Buffels £1½ at £15⅞. Elsewhere, Kloof dropped 50 to 475p and Hartebeest 15 to 225p.

South African Financials sustained heavy losses. "Johnnies" slumped £9 to £48 in the absence of support, while Anglovaal dipped £3 to £24 and Transvaal Consolidated Land £2 to £16. Anglo American Corporation fell 60 to 700p and Gencor 70 to 590p. De Beers gave up 11 more to 293p. In Platinums Rustenburg closed 20 off at 500p.

The UK-sector *initially* mirrored the substantial weakness of South Africans but picked up strongly towards the close of trading. Consolidated Gold Fields rallied from an early 430p to end the day a net 7 easier at 438p while RTZ were finally 5 cheaper at 535p, after 530p.

FINANCIAL TIMES STOCK INDICES

	Oct. 22	Oct. 21	Oct. 18	Oct. 17	Oct. 16	Oct. 15	year ago
Government Secs	84.47	84.55	84.57	84.33	84.20	84.30	80.50
Fixed Interest	90.36	90.34	90.28	90.22	90.06	90.06	84.30
Ordinary ♥	1041.0	1048.0	1050.9	1043.3	1034.9	1023.9	867.2
Gold Mines	253.8	272.7	282.5	284.8	295.1	299.9	542.4
Ord. Div. Yield	4.63	4.65	4.60	4.63	4.68	4.73	4.89
Earnings, Yld. % (full)	11.35	11.38	11.26	11.35	11.44	11.56	11.68
P/E Ratio (net) (*)	10.88	10.85	10.97	10.88	10.80	10.68	10.28
Total bargains (Est.)	24,135	24,253	24,207	22,988	23,252	23,610	17,625
Equity turnover £m.	—	352.76	508.88	636.41	486.65	450.74	293.58
Equity bargains	—	24,257	22,408	22,977	21,043	28,305	15,433
Shares traded (ml)	—	177.8	235.0	297.2	227.9	288.7	163.4

10 am 1046.2. 11 am 1041.9. Noon 1039.5. 1 pm 1038.9.
2 pm 1038.7. 3 pm 1038.1. 4 pm 1038.8.
Day's High 1047.6. Day's Low 1037.7.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil=10.50.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low		Oct. 21	Oct. 18
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	140.9	158.8
Fixed Int.	90.36 (22/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	157.2	145.2
					Value	713.0	1,028.6
Ordinary	1050.9 (18/10)	911.0 (25/7)	1050.9 (18/10/85)	49.4 (26/6/40)	5 day Average Gilt Edged Bargains	143.1	142.3
Gold Mines	536.9 (15/4)	253.8 (22/10)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	146.4	148.3
					Value	85.3	1,057.1

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Oct 22 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Mon Oct 21 Index No.	Fri Oct 18 Index No.	Thur Oct 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (206)	541.56	−0.4	10.67	4.19	11.75	13.61	543.86	546.32	544.28	515.11
2	Building Materials (22)	592.42	+0.2	11.08	4.53	11.24	15.29	590.99	589.72	589.93	471.99
3	Contracting, Construction (28)	914.91	+0.3	11.21	4.64	11.34	24.76	912.23	917.01	916.46	663.97
4	Electricals (13)	1519.76	−0.5	10.62	4.96	12.09	45.52	1526.88	1521.77	1522.96	1504.14
5	Electronics (39)	1280.60	−0.9	11.87	3.53	11.12	30.35	1291.68	1296.83	1297.18	1183.27
6	Mechanical Engineering (61)	316.84	−0.7	10.70	4.54	11.33	8.08	318.95	320.06	316.73	251.41
8	Metals and Metal Forming (7)	218.89	−0.3	11.95	7.28	10.38	5.98	219.45	216.43	216.36	161.24
9	Motors (16)	187.79	−1.0	12.34	4.53	9.83	4.93	189.62	189.35	187.95	133.98
10	Other Industrial Materials (20)	990.96	−0.3	7.56	3.64	15.86	23.43	993.83	1011.60	1003.99	692.29
21	CONSUMER GROUP (177)	712.71	−0.5	8.99	3.77	13.92	14.24	716.47	717.85	713.90	548.25
22	Brewers and Distillers (23)	743.15	−0.7	9.27	3.89	13.70	13.92	748.40	754.76	752.46	509.68
25	Food Manufacturing (22)	528.35	−0.5	11.16	4.64	11.58	13.66	531.24	529.05	521.26	447.84
26	Food Retailing (14)	1676.40	−0.3	5.89	2.51	22.97	22.79	1680.75	1679.68	1667.70	1303.13
27	Health and Household Products (9)	1888.24	−0.5	6.96	3.01	16.75	11.95	1893.99	1093.61	1884.83	927.66
29	Leisure (23)	707.78	−0.4	8.09	4.78	16.23	23.27	710.52	706.90	702.97	589.77
32	Newspapers, Publishing (12)	1884.99	—	8.15	4.76	15.82	51.02	1884.83	1890.14	1894.39	1291.26
33	Packaging and Paper (13)	363.82	−0.6	9.86	4.22	12.10	8.10	366.04	366.01	367.38	251.19
34	Stores (42)	731.33	−0.7	7.82	2.95	19.28	10.24	736.37	736.16	733.69	481.69
35	Textiles (16)	341.43	+0.3	12.72	4.90	8.94	8.35	340.57	340.96	340.11	285.53
36	Tobaccos (3)	736.05	−0.6	18.31	6.10	6.22	38.77	740.19	754.21	752.05	725.75
41	OTHER GROUPS (99)	689.96	—	9.25	4.14	14.01	15.31	689.73	689.63	686.46	479.45
42	Chemicals (19)	676.74	−0.3	14.55	5.62	9.08	26.19	678.82	682.46	679.99	645.23
44	Office Equipment (4)	212.50	−0.5	7.54	4.12	15.81	5.79	213.68	213.68	210.06	138.92
45	Shipping and Transport (11)	1347.01	−0.1	7.04	3.99	17.53	36.20	1348.81	1354.94	1344.72	830.89
46	Miscellaneous (63)	858.01	−0.4	7.49	3.79	16.42	15.56	861.30	861.47	857.54	670.85
48	Telephone Networks (2)	869.04	+0.5	8.55	3.73	15.59	14.38	864.31	861.11	857.90	0.0
49	INDUSTRIAL GROUP (482)	669.32	−0.4	9.47	3.97	13.34	14.60	671.69	673.05	669.79	532.84
51	Oils (18)	1141.74	−0.7	16.48	7.67	7.44	68.30	1149.82	1153.82	1156.59	1067.12
59	500 SHARE INDEX (500)	709.34	−0.4	10.35	4.43	12.13	18.26	712.17	713.74	710.94	577.53
61	FINANCIAL GROUP (115)	506.33	−0.8	—	4.78	—	14.65	510.24	507.56	505.19	397.62
62	Banks (6)	509.88	−1.1	17.57	5.81	8.13	20.18	515.52	507.39	500.42	401.62
65	Insurance (Life) (9)	776.56	−1.8	—	4.38	—	21.80	790.75	788.17	778.81	513.17
66	Insurance (Composite) (7)	378.95	−1.4	—	5.20	—	9.88	384.39	384.20	383.13	289.34
67	Insurance (Brokers) (7)	1155.34	+1.4	7.29	3.74	18.33	29.71	1139.23	1129.89	1134.21	841.80
68	Merchant Banks (11)	264.79	+0.8	—	4.26	—	5.80	262.63	261.82	260.88	200.41
69	Property (51)	691.78	−0.7	5.42	3.49	24.70	12.03	696.60	696.73	699.54	610.92
70	Other Financial (24)	292.77	+0.7	10.41	5.64	11.86	10.97	290.82	291.28	292.49	247.11
71	Investment Trusts (107)	601.17	−0.2	—	3.54	—	11.76	602.45	602.58	600.45	541.78
81	Mining Finance (3)	246.63	−1.2	13.56	6.30	8.58	8.37	249.51	251.76	253.45	282.78
91	Overseas Traders (14)	572.23	—	13.18	6.99	8.99	24.01	572.18	571.48	569.74	587.03
99	ALL-SHARE INDEX (739)	649.16	−0.5	—	4.49	—	16.99	652.13	652.75	650.21	532.25

	Index No.	Day's Change	Day's High	Day's Low	Oct 21	Oct 18	Oct 17	Oct 16	Oct 15	Year ago
FT-SE 100 SHARE INDEX	1331.5	−8.8	1338.8	1328.7	1340.3	1341.2	1335.7	1326.2	1320.9	1128.3

FIXED INTEREST

	PRICE INDICES	Tues Oct 22	Day's change %	Mon Oct 21	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	119.46	−0.03	119.50	—	9.61
2	5-15 years	133.76	−0.06	133.83	—	11.87
3	Over 15 years	139.79	−0.17	140.02	—	11.30
4	Irredeemables	256.01	—	256.01	—	8.90
5	All stocks	131.47	−0.06	131.55	—	11.07
6	Debentures & Loans	114.70	−0.12	114.83	—	8.84
7	Preference	83.38	+0.34	83.10	—	5.54
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	111.39	+0.19	111.18	—	2.69

	AVERAGE GROSS REDEMPTION YIELDS		Tues Oct 22	Mon Oct 21	Year ago (approx.)
	British Government				
1	Low	5 years	9.76	9.75	11.09
2	Coupons	15 years	10.01	9.99	10.58
3		25 years	10.02	10.00	10.21
4	Medium	5 years	10.61	10.60	11.66
5	Coupons	15 years	10.34	10.32	10.97
6		25 years	10.00	9.97	10.34
7	High	5 years	10.72	10.71	11.65
8	Coupons	15 years	10.47	10.44	11.11
9		25 years	10.15	10.11	10.44
10	Irredeemables†		9.59	9.58	10.02
11	Debs &	5 years	11.13	11.10	12.13
12	Loans	15 years	11.07	11.04	12.02
13		25 years	11.00	10.99	11.98
14	Preference†		11.76	11.81	13.08
15	Inflation rate	5%	3.55	3.56	3.31
16		10%	3.36	3.37	3.12

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Abbey Life	229	−10
Bowthorpe	355	+15
British Aerospace	443	− 4
Commercial Union	250	− 6
GKN	252	− 5
Ladbroke	295	+ 2
Lumas Inds	436	− 4
Pentland Inds	340	—
Prudential	730	−15
Shell Transport	680	−10
Smith Bros	166	+ 8
Wolseley-Hughes	437	+19

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

ICI	16	647	− 7
Allied-Lyons	12	270	− 5
Euro. Ferries	12	147½	− 4
Comm Union	11	256	+ 3
De Beers Dfd	11	304	−11
Exco Intl	11	208	+ 1
Jaguar	11	301	+ 7
Glaxo	10	£13⅝	—
Midland Bank	10	418	+ 3
NatWest Bank	10	702	+15
RTZ	10	540	− 5
Royal Ins	10	713	− 4

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$340	23	1.90	118	11	2	17	$328.00
GOLD C	$360	—	—	18	6	—	—	"
GOLD P	$300	—	—	10	3	11	5.50	"
GOLD P	$320	25	3.10	100	7.80	—	—	"
		Dec.		March		June		
£/$ P	£125	—	—	2	1	—	—	$143.40
$/FL C	Fl.295	1	8	—	—	—	—	Fl.298.10
$/FL C	Fl.300	53	5.90	—	—	—	—	"
$/FL C	Fl.305	137	3.90	—	—	—	—	"
$/FL C	Fl.310	110	2.30	—	—	—	—	"
$/FL C	Fl.315	3	1.70	—	—	—	—	"
$/FL C	Fl.320	—	—	3	3.50	—	—	"
$/FL C	Fl.350	210	0.10	—	—	—	—	"
$/FL P	Fl.290	12	4	7	9	—	—	"
$/FL P	Fl.295	180	8	—	—	—	—	"
$/FL P	Fl.300	42	9	21	14	—	—	"
$/FL P	Fl.305	51	11.70	—	—	—	—	"
$/FL P	Fl.320	6	23.50	—	—	—	—	"
$/DM C	DM.305	20	0.10	—	—	—	—	DM265.58
$/DM C	DM.310	10	0.10	—	—	—	—	"
$/DM P	DM.300	1	36.50	—	—	—	—	"
		Jan.		Apr.		July		
ABN C	Fl.520	63	7.70	18	15	—	—	Fl.4.99
ABN P	Fl.480	50	0.70	—	—	—	—	"
AEGN C	Fl.100	61	1.80 B	8	4.50	—	—	Fl.94.60
AEGN P	Fl.95	220	3.40	—	—	—	—	"
AH C	Fl.270	113	8.20	38	13	—	—	Fl.265
AH P	Fl.250	34	2.50	5	5	—	—	"
AKZO C	Fl.120	486	6.10	60	9.30	—	—	Fl.121.20
AKZO C	Fl.130	234	2.30	149	4.5	112	5.70	"
AKZO P	Fl.120	429	4.20	124	8.60	202	8.10	"
AMRO C	Fl.90	24	1.80	15	4	—	—	Fl.86
AMRO P	Fl.85	56	1.90	—	—	—	—	"
GIST C	Fl.230	41	4.5	3	8.80 A	—	—	Fl.220
GIST P	Fl.210	7	3	4	4.10	—	—	"
HEIN C	Fl.160	557	17.10	92	18.20	—	—	Fl.176.50
HEIN C	Fl.170	621	10.90	81	12.20	56	15	"
HEIN C	Fl.180	845	5	64	7	—	—	"
HEIN P	Fl.170	297	3.50	135	4.70	—	—	"
HOOG C	Fl.65	133	1.60	200	3	3	4	Fl.61.80
HOOG P	Fl.60	116	1.80 A	—	—	4	3.70	"
KLM C	Fl.55	278	2.70	73	4.10	—	—	Fl.53.50
KLM C	Fl.65	465	0.50	41	1.40	—	—	"
KLM P	Fl.50	150	1.20	20	1.60 B	—	—	"
NEDL C	Fl.180	49	8.90A	3	13.60	—	—	Fl.179.70
NEDL P	Fl.180	118	5.40	8	7.50	—	—	"
NATN C	Fl.80	64	4	13	6.70A	—	—	Fl.70.90
NATN P	Fl.70	46	2	5	2.80B	40	5.80	"
PETR C	Fr.6500	—	—	2	590	—	—	Fr.6530
PHIL C	Fl.50	600	1.50	270	2.80	9	3.10	Fl.48.30
PHIL C	Fl.45	273	1.10	73	1.70	31	2.20	"
PHIL C	Fl.50	566	3.10	111	3.80	122	4.70	"
RD C	Fl.190	438	5	53	9.60	—	—	Fl.188.90
RD C	Fl.200	369	2.60	150	6.20	20	6.60 B	"
RD C	Fl.210	383	1	217	2.80	—	—	"
RD P	Fl.190	125	4.80	4	6.70	—	—	"
ROBE C	Fl.77.50	30	2	—	—	1	3.40	Fl.77.30
ROBE P	Fl.75	—	—	—	—	10	2.80	"
UNIL C	Fl.360	155	2.20	226	5.50	—	—	Fl.329
UNIL P	Fl.320	140	6.70 B	—	—	3	12	"

TOTAL VOLUME IN CONTRACTS: 548,134
A=Ask B=Bid C=Call P=Put

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Oct 21	Nov 1	Jan 23	Feb 3
Nov 4	Nov 15	Feb 6	Feb 17
Nov 18	Nov 29	Feb 20	Nov 3

For rate indications see end of Unit Trust Service

Money was given for the call of Clyde Petroleum, Carpets International, Bolton Textile, Brooke Tool, SI, Norfolk Capital, STC, Premier Oil, Sheraton Securities, Allied-Lyons, Bairstow Eves, Ashley Industrial Trust, Pavion, Rockware, Barker and Dobson, Energy Capital and Reabrook. A put was taken out in Manganese Bronze, while double options were transacted in "The Times" Veneer, Pavion and Markheath Securities.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British funds	18	51	40
Corpns., Dom. and Foreign Bonds	4	9	68
Industrials	204	387	900
Financial and Props	71	174	352
Oils	11	37	79
Plantations	5	2	11
Mines	11	86	89
Others	37	77	92
Totals	363	780	1,631

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
95	F.P.	7/11	103	97	AMS Inds. 5p	99	...	bg1.25	5.0	1.8	14.1
—	F.P.	9/10	7	6	Bardsey Pfd. Ord.	7	...	—	—	—	—
—	F.P.	—	3	3	Do. warrants	3	...	—	—	—	—
185	100	1/11	148	117	Britoil 10p	125	−1	115.0	3.0	8.8	6.0
90§	F.P.	5/11	107	95	✠Colorgen Inc. $0.01	107	+4	—	—	—	—
125§	F.P.	8/11	135	130	✠C.P.M. 5p	130	...	bg1.75	3.7	1.9	8.2
‡88	F.P.	—	96	91	✠Cowells	93	...	bg2.6	2.6	4.0	12.6
75§	F.P.	1/11	78	70	✠Electronic Data 5p	78	...	bg1.6	4.2	3.0	11.1
120	F.P.	—	110	104	Fairbriar 10p	108	−2	bg4.0	2.7	5.3	—
§94	F.P.	30/10	98	78	✠InfraRed $0.10	92	...	Q2.11c.	—	1.7	—
§62	F.P.	8/11	63	50	✠Just Rubber 10p	59	...	b1.74	3.2	4.2	14.3
§79	F.P.	8/11	87	80	✠Kewill Systems 5p	82	...	g1.9	4.3	3.1	10.0
100	50	15/11	47	43	Nat. Home Loans 75p	46	...	—	—	—	—
§180	F.P.	25/10	187	165	✠Questel 10p	187	+7	bg4.0	3.0	3.1	15.5
§95	F.P.	—	100	90	✠Radius 5p	97	+7	bg2.66	2.3	3.9	15.6
*§330	F.P.	1/11	405	345	St. Ive's 10p	400	...	bg8.0	3.1	2.8	15.2
100	F.P.	—	99	97	Strata Invs.	98	...	—	—	—	—
*	F.P.	—	22	15	Vantage Secs. Wrrnts	22	+2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing Price £	+ or −
87.305	£30	—	32⅞	29⅝	Australia 9½% Ln. 2012	32⅛	−⅛
§91.443	£30	17/1	29⅝	27⅛	Bank of Greece 10¼% Ln. 2010	29⅜	...
‖	Nil	—	17pm	10pm	Brit. Benzol 13% Conv. Uns. Ln. 1995	17pm	+1
§96.456	£25	27/11	28⅛	25⅝	Brixton Est. 10¾% 1st. Mort. Deb. 2020	28⅛	+⅛
§100	£10	—	10¾	10⅝	Eastbourne Water 11.2% Red Deb. 2008-9	10¾	...
§98.324	£40	5/12	44¼	40¼	Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2015	44¼	...
§97.617	£25	31/1	27⅝	25¼	Evans of Leeds 11% 1st. Mort. Deb. 2025	27⅝	...
—	F.P.	—	101½	100⅝	Hampton Tst. 11¼% 1st Mtg Deb 2025	101	−¼
88.466	£30	24/1	32⅜	29⅝	Intl. Bk. for Rec. & Dev. 9⅝% Ln. 2010	32⅜	...
§100	F.P.	—	115	84½	✠Memory Comp. 7.8% Cnv. R. Pf 1994-9	113	−2
100	£50	15/11	50	47¾	Nat. Home Loans 8% Cnv. Uns. Ln. 2005	48	−1
—	F.P.	—	100⅛	99½	Nationwide 11 1/16% Bds. 15/9/86	99½	−⅛
—	F.P.	—	99⅝	99⅛	Do. 11½% Bds. 20/10/86	99⅛	...
—	F.P.	22/11	115	110	Pittard 9½% Cum. Pref.	115	...

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
DM130	Nil	—	90pm	65pm	BASF A.G. DM 50	67½pm	−½
11	F.P.	11/11	11¼	10½	Blacks Leisure 10p	10½	...
55	Nil	—	11pm	8pm	Brasway 10p	11pm	...
48	F.P.	22/11	65	57	Burns-Anderson 10p	61	...
85	F.P.	11/11	125	105	City Site Estates	125	...
60	Nil	22/11	22pm	15pm	Crowther (J)	15pm	−1
165	F.P.	6/11	218	180	DRG	215	−5
210	F.P.	22/11	240	240	Emess Lighting	240	...
100	Nil	—	32pm	28pm	Garfunkels' Rest. 10p	32pm	...
5	Nil	30/10	12pm	3pm	Howard & Wyndham 5p	12pm	...
10	F.P.	12/11	11	10¼	✠Humberside Elect. 20p	11	...
225	Nil	6/12	76	56	ML Hldgs	77	−1

For Greenfields Black see Blacks Leisure.

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *u* Forecast *dividend cover based on previous year's earnings.* *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‡‡ Introduction. ✠ Unlisted Securities Market. § Placing price. *‡‡ Dealt in under Rule 535 (3).* ♥ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (75)

BRITISH FUNDS (3)
Treas. 3pc 1989; Fndg. 3pc '99-04; Treas. 11¾pc '91

BANKS (5)
Kleinwort Benson; Midland Bank; Manson Finance; Compagnie Bancaire; Mercury Securities

BREWERS (3)
Devenish (J. A.); Invergordon Dists.; Forshaws Burtonwood

BUILDINGS (10)
Baggeridge Brick; Douglas (Robt. M.); Bellway; Laing (John); Blue Circle; Marshalls Halifax; Costain; Redland; Countryside Props.; Redland (Warrants)

CHEMICALS (2)
BASF AG; Coalite

STORES (4)
Habitat Mothercare 9½pc Cnv. '98-01; S. & U. Stores; Vantona Viyella; Promaprint

ELECTRICALS (2)
Dowding & Mills; Process Systems

ENGINEERING (2)
Laird; Spencer Clark

FOODS (3)
Assoc. Brit. Foods; Sutherland (E. T.); Pyke Hldgs.

HOTELS (1)
Queens Moat 7pc Cnv. Prf.

INDUSTRIALS (13)
Alexandra Wrkwr.; Parker Knoll A; Assoc. Brit. Ports; Phillips Patents; Bodycote Intl.; Unigroup; Cope Allman; Waterford Glass; Crest Nicholson; Watson (R. K.); Gomme Hldgs.; Wolseley-Hughes; Hepworth Ceramic

INSURANCE (2)
Stewart Wrightson; Willis Faber

MOTORS (2)
BTS; Bramall (C. D.)

NEWSPAPERS (4)
Assoc. Newspapers; Daily Mail A; Bristol Ev. Post; Independent

PAPER (1)
Trade Promotion

PROPERTY (6)
Dencora; Mountleigh; House Prop. Lond.; Sheraton Secs.; Mann & Co.; Wingate Prop. Inv.

SHIPPING (1)
British & Com'wealth

TRUSTS (8)
Caledonia Inv.; River & Mercantile; Electra Inv.; Throg. Sec. Growth Cap.; F. & C. Eurotrust; Akroyd & Smithers; Murray Smaller Mkts. B; Smith Bros.

OVERSEAS TRADERS (2)
Paterson Zochonis; Paterson Zoch. A N-V

MINES (1)
Oakbridge

NEW LOWS (92)

BRITISH FUNDS (1)
Conv. 9½pc 2005

LOANS (1)
Nationwide 11¼pc 11.6.86

AMERICANS (3)
CityFed Fin.; Merrill Lynch; Honeywell

CANADIANS (1)
Trans. Can. Pipe

ELECTRICALS (6)
Cambridge Elec.; Mamcom Intl.; DDT; Philcom; Denmans Electrical; Unitech

ENGINEERING (1)
Fife Indmar

INDUSTRIALS (5)
ICC Oil; Silentnight; PSM Intl.; Standard Fireworks; Schlumberger

INSURANCE (1)
Liberty Life

MOTORS (2)
BL; Lex

PAPER (1)
Aldcom Internatl.

SOUTH AFRICANS (8)
Abercom; SASOL; Barlow Rand; SA Breweries; Messina; Tongaat-Hulett; OK Bazaars; Unisec

TEXTILES (1)
Hickling Pentecost

TRUSTS (3)
Plantation Trust; Pacific Assets; Do. Warrants

OILS (5)
Atlantic Resources; Sceptre Resources; Carless Capel; Sovereign Oil; Marinex

PLANTATIONS (1)
Williamson Tea

MINES (52)

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
B.P. (*551)	500	53	67	75	0¼	4	10
	550	4	30	43	4	16	28
	600	0½	12	22	52	52	60
Cons. Gold (*432)	390	45	62	74	1½	7	12
	420	15	42	52	2	25	37
	460	1½	25	35	30	47	57
	500	1	9	18	70	72	84
	550	⅛	3	—	120	125	—
Courtaulds (*148)	120	29	32	35	0¼	1	1½
	130	19	25	26	0¼	2	4
	140	10	16	18	0¼	4	6
	160	0¼	6	10	12	14	16
Com. Union (*249)	200	49	57	65	0¼	1½	2½
	220	29	40	45	0¼	3	6
	240	9	24	28	1	8	12
	260	—	11	17	—	19	23
G.E.C. (*162)	140	24	32	38	1	3	5
	160	4	18	26	2	9	11
	180	0½	7	12	20	20	20
	200	0½	2½	6	40	40	40
Grand Met. (*361)	280	75	87	93	1	2	5
	300	55	67	73	1	3	5
	330	25	42	48	1	8	9
	360	1½	19	28	8	18	23
I.C.I. (*644)	600	47	67	75	0½	7	15
	650	4	40	47	10	27	35
	700	1	15	27	57	60	62
	750	0½	8	—	107	110	—
Land Sec. (*311)	260	53	56	—	0¼	1½	—
	280	33	36	42	0½	2	5
	300	13	20	26	1	9	10
	330	1	7	18	21	25	27
Marks & Sp. (*167)	120	48	—	—	0¼	—	—
	130	38	41	45	0¼	1	3
	140	28	33	36	0¼	2½	5
	160	8	14	20	0¼	6	8
	180	0½	5	9½	13	17	19
Shell Trans (*680)	650	33	50	65	1	9	17
	700	1	28	37	22	33	38
	750	1	8	18	72	73	77
Traf'gar Hse (*359)	325	35	—	—	1	—	—
	330	—	31	41	—	5	8
	355	4	—	—	2	—	—
	360	—	17	27	—	22	23
	385	2	—	—	28	—	—

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
BAT Inds (*269)	260	12	22	33	8	13	18
	280	5	15	23	25	30	33
	300	1	7	15	43	48	48
	330	1	3	8	73	73	73
Barclays (*417)	360	—	77	87	—	6	10
	385	38	—	—	7	—	—
	390	—	50	57	—	13	18
	420	—	25	35	—	30	37
	435	7	—	—	30	—	—
Brit. Aero (*441)	330	117	127	135	1	1	1
	360	87	97	105	1	2	2
	390	57	68	78	2	6	10
	420	38	50	60	8	17	22
	460	16	30	40	32	37	43
BritTelecom (*184)	160	27	—	—	1	2½	—
	170	17	31	—	1½	—	—
	180	9	14	20	4	6	9
	200	2	6½	10	18	19	20
	220	0½	3	4	38	38	38
Imperial Gr. (206*)	160	48	55	68	1	2½	5
	180	28	37	41	1½	5	7
	200	11	24	28	6	11	13
	220	4	13	17	18	23	26
LASMO (250*)	240	20	33	—	3	8	—
	260	9	22	33	12	25	28
	280	4	16	23	32	37	38
	293	1½	—	—	45	—	—
	300	—	6	14	—	52	56
LONRO (160*)	140	13	19	20	1½	4	6
	160	2	7½	10	11	12	16
	180	1	3	—	31	31	—

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
P. & O. (*433)	360	78	87	—	1½	2	—
	390	48	57	65	2	6	10
	420	22	35	47	6	17	25
	460	3	14	23	30	35	43
Racal (*144)	130	18	25	34	2	5	8
	140	10	18	26	8	10	14
	160	3	9	15	20	20	22
	180	1	5	7	36	36	38
R.T.Z. (*552)	500	57	82	—	3	12	—
	550	7	27	37	30	44	58
	600	2	11	18	80	82	82
	650	1½	—	—	130	—	—
Vaal Reefs (*$56)	60	3	6½	9	6	8½	11
	70	1¼	3½	5½	15	15½	16
	80	0¾	2½	3¼	24½	24½	25
	90	0⅝	1½	—	34½	34½	—
	100	0⅜	0½	—	—	44½	—
Ex10% 1989 (*£96)	92	6⅛	—	—	0⅛	—	—
	94	4⅜	4¼	—	0⅛	0⅛	—
	96	2⅜	2⅛	—	0⅛	0⅛	—
	98	0⅞	1⅛	—	0¼	0¾	—
	100	0⅛	0⅜	—	1⅞	1⅞	—
Tr 11¾% 1991 (*£105)	102	—	—	3	—	—	[illegible]
	104	—	—	1⅛	—	—	[illegible]
	106	—	—	0⅜	—	—	[illegible]
Tr. 11¾% 03/07 (*£112)	106	6⅛	6⅜	—	0⅛	0⅛	[illegible]
	108	4⅜	4⅜	5¼	0⅛	0⅛	[illegible]
	110	2⅛	3⅛	3⅛	0⅜	0⅜	[illegible]
	112	0¾	1¼	2¼	0⅞	1⅛	[illegible]

Option		Calls Dec.	Calls Mar.	Calls June	Puts Dec.	Puts Mar.	Puts June
BTR (*371)	330	—	60	68	—	8	13
	350	33	—	—	12	—	—
	360	—	33	47	—	20	27
	375	19	—	—	20	—	—
	390	9	20	26	32	37	42
Beecham (*311)	300	23	35	40	8	15	20
	330	7	16	25	25	30	35
	360	3	5	—	52	55	—
Bass (*619)	500	127	137	—	1	6	—
	550	77	90	102	5	13	14
	600	40	55	65	13	24	30
	650	12	20	34	45	50	55
De Beers (*$4.18)	420	37	43	50	20	32	40
	460	10	25	35	47	57	60
	500	5	13	—	85	90	—
	550	3	6	—	135	135	—
GKN (*252)	220	38	45	52	2	3	5
	240	24	30	38	5	9	12
	260	12	20	27	14	18	21
Glaxo (*1356)	1200	170	200	—	4	10	32
	1250	120	155	175	8	23	50
	1300	80	120	145	18	38	60
	1350	60	88	110	35	50	70
Hanson (*207)	180	33	36	42	3	6	9
	195	20	—	—	6	—	—
	200	—	26	30	—	12	15
	215	9	—	—	14	—	—
	220	—	13	18	—	29	25
Jaguar (*298)	240	63	71	—	2	—	—
	260	43	52	58	3	2	8
	280	28	37	45	9	6	18
	300	17	23	31	16	13	26
	330	4	—	—	34	23	—
Tesco (*280)	240	—	53	57	—	5	7
	255	30	—	—	3	—	—
	260	—	38	42	—	10	12
	280	15	23	27	16	18	20

Option		Calls Oct	Calls Nov	Calls Dec.	Calls Jan.	Puts Oct.	Puts Nov	Puts Dec.	Puts Jan.
FT-SE Index (*1330)	1200	—	—	147	—	1	—	2	1½
	1250	85	90	102	—	1	—	6	—
	1275	60	65	—	87	1½	4	—	17
	1300	35	45	60	67	2	10	20	28
	1325	17	27	—	48	7½	20	—	40
	1350	5	15	30	38	23	34	42	52

October 22 Total Contracts 9,079 Calls 6,018 Puts 3,061
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

Oct. 22	Price Sch%	+ or −
Creditanst'lt ppd	367	−2
Goesser	498	−4
Interunfall	1,450	−25
Laenderbank	345	+4
Perlmooser	638	......
Stey Daimler	146	−1
Veitscher Mag	715	+15

BELGIUM/LUXEMBOURG

Oct. 22	Price Frs.	+ or −
B.B.L.	2,600	......
Banq. Gen. Lux	6,350	+50
Banq. Int.A.Lux	8,000	+150
Bekaert	7,000	......
Ciment CBR	2,800	......
Cockerill	206	+7
Delhaize	6,690	......
EBES	3,685	−65
Electrobel	10,450	+200
Fabrique Nat.	2,100	......
GB Inno BM	5,150	−200
GBL (Brux)	2,415	+20
Gevaert	4,650	+30
Hoboken	6,820	......
Intercom	2,750	+15
Kredietbank	9,880	+190
Pan Hldgs	9,470	−30
Petrofina	6,830	+10
Royale Belge	14,725	+125
Soc. Gen. Banq.	4,600	+110
Soc. Gen. Belge	2,170	+80
Sofina	8,220	+210
Solvay	5,750	+70
Stanwick Intl	1,170	......
Tractionel	4,540	+70
UCB	5,500	+100
Wagon Lits	4,000 ¥	+55

DENMARK

Oct. 22	Price Knr %	+ or −
Andelsbanken	379	−3
Baltic Skand	610	+5
Cop Handelsb'nk	332	−4
D. Sukkerfab	500	......
Danske Bank	366	−2
De Danske Luft.	1,480	......
East Asiatic	246	......
Forenede Brygg.	1,075	......
Forenede Damp.	239	−2
GNT Hld	665	+5
I.S.S.B.	630	......
Jyske Bank	725	−25
Novo Inds	1,350	−20
Privatbanken	323	......
Provinsbanken	515	−5
Smidth (F.L.) B	340	−7
Sophus Berend	1,105	......
Superfos	395	−1

FRANCE

Oct. 22	Price Frs.	+ or −
Emprunt 4½% 1973	1,695	−7
Emprunt 7% 1973	8,050	−85
Accor	257	−3.2
Air Liquide	538	......
BIC	431	−4
Bongrain	1,480	−15
Bouygues	679	+4
BSN Gervais	2,151	+31
CIT Alcatel	1,170	−1
Carrefour	2,220	+5
Club Mediter'n	408	+2.9
Cie Bancaire	670	+4
Cofimeg	287.4	+0.2
Damart	1,498	......
Darty	1,549	+61
Dumez S.A.	730	+5
Eaux (Cie Gen)	614	+4
Elf-Aquitane	181	−2.8
Essilor	1,824	−26
Gen.Occidentale	647	−1
Imetal	71	−2
Lafarge Coppee.	522	−1
L'Oreal	2,319	+9
Legrand	2,000	−10
Maisons Phenix	166	−1.3
Matra S.A.	1,521	−14
Michelin B	1,018	−2
Midi (Cie)	3,090	+40
Moet-Hennessy	1,856	−19
Moulinex	52.5	+0.3
Nord Est	104.3	−0.7
Pernod Rica	670	−4
Perrier	417	−8.2
Petroles Fra.	251	−1.5
Peugeot S.A.	378	+1
Printemps (Au.)	283	+2.5
Radiotech	323	......
Redoute	1,465	+25
Roussel-Uclaf	1,420	−4
Sefimeg	345	−1
Skis Rossignol	1,235	+5
Telemec Elect	2,432	−18
Thomson (CSF)	522	+1
Valeo	224	+7

GERMANY

Oct. 22	Price Dm.	+ or −
AEG	205.3	+5.3
Allianz Vers	1,757	−3
BASF	265.2	+2.5
Bayer	246	+2
Bayer.Hypo	431	+6
Bayer-Verein	437	−2.5
BHF-Bank	381	+1
BMW	497	−5
Brown Boveri	278.7	−1.1
Commerzbank	257.5	−2
Cont'l. Gummi	167	−2.5
Daimler-Benz	1,055	−1
Degussa	453	−3
D'sche Babcock	200.5	+14
Deutsche Bank	669.5	−9.5
Drdsdner Bank	337	−3.5
GHH	210	−7
Hochtief	820	+20
Hoechst	245.7	+0.4
Hoesch Werke	149.2	−1.4
Holzmann (P)	513	−6.5
Horten	209	−2
Hussel	391	−1
Karstadt	289	+0.5
Kaufhof	287.5	+3.5
KHD	318	+2
Kloeckner	86.2	−1.2
Linde	613	......
Lufthansa	222	−1.5
MAN	196	−2
Mannesmann	256	+2
Mercedes Hld	955.5	−3.5
Metallgesell	334	+4
Muench Rueck	2,060	+70
Nixdorf	558.5	−7.5
Porsche	1,343	−25
Preussag	288	−2.5
Rhein West Elect	212	−1
Rosenthal	302	−3
Schering	583	+7.5
Siemens	645.5	−2.5
Thyssen	166.7	−2.3
Varta	255	+3
Veba	273.5	+0.3
V.E.W.	148.5	+0.4
Verein-West	367	......
Volkswagen	344.5	−3.4

ITALY

Oct. 22	Price Lira	+ or −
Banco Com'le	24,550	−60
Bastogi-IRBS	378.5	−0.5
Bi-Invest	5,640	−60
Centrale	3,450	−45
Credito Varesino	5,765	−95
Fiat	4,499	+49
Finsider	—	......
Generali Assicur.	6,8610	−190
Italcementi	4,6750	−50
La Rinascente	919	−16
Montedison	2,290	+40
Olivetti	7,350	+60
Pirelli Co	6,350	+52
Pereili Spa	3,025	+24
Saipem	7,079	−20
Snia BPD	3,700	......
Toro Assic	19,800	−300
do. Pref	15,050	−50

NETHERLANDS

Oct. 22	Price Fls	+ or −
ACF Holding	229	+0.5
AEGON	94.6	−0.2
Ahold	265	+2.5
AKZO	121.8	+0.6
ABN	499	−1
AMEV	72.5xc	+1.7
AMRO	86	−0.2
Bredero Cert	164	+3
Bos Kalis Westm.	15.4	−0.2
Buehrmann-Tet.	101.5	+1
Calland Hlgs	28.5	−0.6
Dordtsche Pet'm	175.5	+0.5
Elsevier-NDU	136.5	+0.5
Fokker	82.7	+2.4
Gist Brocades	220	+1
Heineken	176.5	+3.6
Hoogovens	61.8	−0.2
Int Mueller	59.8	+1.5
KLM	55.5	−0.7
Naarden	47	−0.5
Nat Ned Cert	70.9	+0.2
Ned Mid Bank	195.5	−1
Nedlloyd	179.7	+0.2
Oce Grinten	340	......
Ommeren (Van)	26.4	+0.2
Pakhoed	66	+1
Philips	46.3	−0.1
Robeco	77.3	......
Rodamco	135	−0.1
Rolinco	69.8	−0.1
Rorento	46.8	+0.1
Royal Dutch	188.8	−1
Unilever	329	+1
VMF Stork	244.5	......
VNU	223	......
Wessanen	190.5	+2.5
West Utr Bank	92.5	......

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Oct. 22	Price Kroner	+ or −
Bergens Bank	169.5	+1.5
Borregaard	443	+2
Christiania Bank	162	+1
DenNorske Cred	161	+2
Elkem	110.5	−1
Kosmos	188	−1
Kvaerner	168	−0.5
Norske Data	397	−1
Norsk Hydro	134	+6
Storebrand	277	+2

SPAIN

Oct. 22	Price Pta%	+ or −
Bco Bilbao	380	+7
Bco Central	318	+5
Bco Exterior	204	......
Bco Hispano	154	+3
Bco Popular	385	+5
Bco Santander	365	+1
Bco Vizcaya	511	+11
Dragados	155	−5.2
Hidrola	87	−0.7
Iberduero	103.5	−0.2
Petroleos	148	−2
Telefonica	129	+0.5

SWEDEN

Oct. 22	Price Kronor	+ or −
AGA	138	......
Alfa-Laval B	204	−2
ASEA (Free)	292	+2
Astra (Free)	435	+5
Atlas Copco	151	+3
Cardo (Free)	223	−2
Cellulosa	142	−1
Electrolux B	153	+4
Ericsson B	199	+1
Esselte	360	......
Mo och Domajo	170	......
Pharmacia	168	+1
SaabScania Free	425	......
Sandvik	465	−10
Skandia	261	+2
Skan Enskilda	60	−0.5
SKF	244	+3
St Kopperbergs	160	+1
Soneson	155	+1
Sven Handlesbn	190	−4
Swedish Match	218	......
Volvo B (Free)	225	−1

SWITZERLAND

Oct. 22	Price Frs.	+ or −
Adia Intl.	4,360	−40
Alusuisse	693	−2
Bank Leu	3,725	−25
Brown Boveri	1,680	+20
Ciba Geigy	3,410	+20
do. (Part Certs)	2,780	+40
Credit Suisse	3,145	+35
Elektrowatt	3,410	......
Fischer (Geo.)	1,100	+5
Hoff-Roche PtCts	100,00	+2,350
Hoff-Roche 1/10	9,975	+200
Jacobs Suchard	7,800	−75
Jelmoli	3,300	−50
Landis & Gyr	2,550	+55
Nestle	7,625	+15
Oer-Buehrle	1,460	−25
Pirelli	386	+1
Sandoz (Br)	8,200	......
Sandoz (Pt Cts)	1,470	+10
Schindler (PtCts)	810	−40
Sika	1,600	−20
Surveillance A	5,750	+50
Swissair	1,500	+5
Swiss Bank	498	+3
Swiss Reinsce	11,600	+150
Swiss Volksbk	2,180	+35
Union Bank	4,680	+50
Winterthur	4,410	−40
Zurich Ins.	5,525	+25

AUSTRALIA

Oct. 22	Price Aust $	+ or −
ANZ Group	5.12	−0.08
Alliance Oil Dev.	1.05	......
Ampol Pet	2.52	......
Ashton	1.02	+0.01
Aust. Cons. Ind	3.0	−0.06
Aust. Guarantee	2.85	−0.05
Aust. Nat. Ins	2.8	+0.02
APM	3.06	+0.01
Bell Group	11.5	+0.1
Bell Res.	10.1	−0.15
Bond Corp Hldgs	2.27	+0.02
Boral	3.5	......
Bougainville	2.07	+0.02
Brambles Inds	4.25	......
Bridge Oil	2.42	−0.03
B. H. Prop.	8.82	−0.04
CRA	5.82	−0.06
CSR	3.73	−0.02
Cas'lemaine Tys	8.00	......
Coles (G.J.)	4.4	......
Comalco "A"	2.00	......
Consolidated Pet	0.45	......
Costain Aust	2.4	−0.05
Dunlop Olympic	2.68	+0.06
Elders IXL	4.0	−0.1
Energ Res	1.81	−0.01

AUSTRALIA (continued)

Oct. 22	Price Aust.$	+ or −
Gen. Prop. Trust	2.15	......
Hardie (James)	3.55	......
Hartogen Energy	2.25	+0.02
Herald W'yTimes	5.6	......
ICI Aust	2.25	+0.03
Jimberlana F.P.	0.32	+0.01
Kia Ora Gold	0.13	......
Lend Lease	7.0	+0.3
MIM	2.62	+0.06
Mayne Nickless	3.3	+0.05
Myer Emporium	3.6	......
Nat. Aust. Bank	5.04	......
News	9.0	......
Nicholas Kiwi	2.35	+0.05
North Bkn Hill	2.51	+0.01
Oakbridge	1.59	+0.04
Pancontinental	1.85	−0.02
Pioneer Conc	2.47	+0.02
Poseidon	3.65	+0.05
Queensland Coal	1.57	+0.01
Reckitt & Colman	3.9	......
Repco	1.50	......
Santos	5.5	−0.05
Smith (Howard)	6.2	+0.3
Thos. Natwide	2.47	−0.01
Tooth	5.58	......
Vamgas	3.75	......
Western Mining	3.68	−0.05
Westpac Bank	5.16	−0.04
Woodside Petrol	1.42	−0.05
Woolworths	3.38	......
Wormald Intl	3.85	......

HONG KONG

Oct. 21	Price H.K.$	+ or −
Bank East Asia	28.2	+0.2
Cheung Kong	19.0	−0.6
China Light	17.3	+0.8
Evergo	0.74	......
Hang Seng Bank	43.75	+1.25
Henderson Land	2.35	+0.05
HK China Gas	11.2	+0.4
Hk Electric	8.2	+0.1
HK Kowloon Wh.	7.35	......
HK Land	6.65	......
HK Shanghai Bk.	7.25	+0.1
HK Telephone	9.1	+0.35
Hutchison Wpa	26.6	+0.1
Intnl. City	0.97	−0.01
Jardine Math	13	......
New World Dev.	7.75	−0.05
Orient O'seas	1.99	......
SHK Props	13.4	......
Shell Elect	2.0	......
Swire Pac A	27.6	+0.3
TV—B	6.25	+0.05
World Int. Hldgs.	2.37	......

JAPAN

Oct. 22	Price Yen	+ or −
Ajinomoto	1,230	+20
All Nippon Air	600	−5
Alps Electric	1,430	+60
Asahi Chem	773	−7
Asahi Glass	845	+5
Bank Tokyo	772	......
Bridgestone	660	−1
Brother Inds	525	−19
Canon	1,210	+10
Casio Comp	1,770	+30
Daiei	736	−1
Dia-Ichi Kan. Bk.	1,550	−10
Dia Nippon Ink	313	+15
Dia Nippon Ptg	1,160	+30
Diawa House	910	−20
Diawa Sec	886	+9
Eisai	1,340	−10
Fanuc	7,330	+30
Fuji Bank	1,540	......
Fuji Film	2,130	......
Fujisawa	870	−1
Fujitsu	1,000	+7
Furukawa Elect.	353	+19
Green Cross	2,310	−50
Heiwa Real Est	810	+1
Hitachi	702	−5
Hitachi Credit	1,110	+10
Honda	1,230	+20
Indl. Bk. Japan	1,230	+20
Ishikawajima Hr.	189	−4
Isuzu Motors	388	+5
Itoh (C.)	421	−2
Ito. Yokado	3,160	+100
JAL	6,350	+50
Jusco	950	+9
Kajim	507	−13
Kao Soap	930	−5
Kawasaki Steel	150	−4
Kirin	780	−10
Kobe Steel	208	......
Komatsu	550	−5
Konishiroku	713	+13
Kubota	390	......
Kumagai	737	+14
Kyocera	3,870	−20
Marubeni	373	−2
Marui	1,550	+20
Mazda Motors	423	+3
Meija Seika	559	−19
MEI	1,220	+30
M'bishi Bank	1,470	−10
M'bishi Chem	512	+20
M'bishi Corp	621	−9
M'bishi Elect	362	+1
M'bishi Estate	1,110	−20

JAPAN (continued)

Oct. 22	Price Yen	+ or −
MHI	432	−12
Mitsui Bank	1,130	......
Mitsui	457	−6
Mitsui Estate	1,050	−30
Mitsui Toatsu	230	−5
Mitsukoshi	660	+7
Nikko Sec	810	+5
Nippon Denso	1,430	+40
Nippon Elect	1,130	+40
Nippon Express	646	−19
Nippon Gakki	1,290	−10
Nippon Kogaku	880	......
Nippon Kokan	147	+1
Nippon Oil	750	−5
Nippon Seiko	489	−8
Nippon Shimpan	739	−3
Nippon Steel	179	−4
Nippon Suisan	385	......
Nippon Yusen	355	−6
Nissan Motor	596	−4
Nisshin Flour	495	+10
Nomura	1,170	−10
Olympus	1,050	+10
Onada Cement	340	−4
Orient Finance	920	......
Orient Leasing	2,580	......
Pioneer	1,660	......
Ricoh	1,020	+40
Sankyo	1,070	......
Sanwa Bank	1,350	......
Sanyo Elect	417	+6
Sapporo	643	−12
Sekisui Prefab	899	−24
Seven-Eleven	8,310	+10
Sharp	842	+7
Shimizu Constn	395	−5
Shionogi	802	+14
Shiseido	1,300	+10
Showa Denko	222	+1
Sony	3,730	−40
S'tomo Bank	1,730	−10
S'tomo Chem	270	−2
S'tomo Corp.	782	−9
S'tomo Elect	875	+30
S'tomo Metal	156	−1
Taisei Corp.	355	−10
Taisho Marine	598	......
Taiyo Kobe Bank	726	......
Takeda	916	−19
TDK	4,030	......
Teijin	529	−6
Toa. Nenryo	1,040	−40
Tokai Bank	1,000	......
Tokio Marine	947	+2
Tokyo Elect Pwr	2,490	−40
Tokyo Gas	306	−9
Tokyu Corp	575	−15
Toppan Print	897	+18
Toray	550	−5
Toshiba Elect	380	−1
Toyo Seikan	1,550	−10
Toyota Motor	1,110	......
UBE Inds	230	−2
Victor	1,580	−80
Yamaha	665	−14
Yamaichi Sec	750	+5
Yamazaki	931	−9
Yasuda Fire	585	−7

SINGAPORE

Oct. 22	Price $	+ or −
Boustead Hldgs.	1.54	+0.02
Cold Storage	3.14	−0.06
DBS	5.75	−0.05
Genting	5.95	−0.05
Haw Par. Bros	2.18	−0.04
Hong Leong Fin.	2.51	−0.04
Inchcape Bhd	2.19	−0.01
Keppel Shipyard	1.23	−0.08
Malay Banking	5.85	−0.05
Malay Utd. Ind	2.38	−0.02
Multi Purpose	0.84	+0.02
OCBC	9.45	......
OUB	2.78	−0.03
Public Bank	1.39	−0.03
Sime Darby	1.85	−0.01
Singapore Press.	6.40	+0.35
Straits Trdg.	3.10xc	+0.02
Tat Lee Bk	2.53	+0.01
UOB	3.68	+0.02

SOUTH AFRICA

Oct. 22	Price Rand	+ or −
Abercom	1.65	+0.05
AE&CI	8.1	−0.1
Allied Tech	52	......
Anglo Am. Coal	55	−1
Anglo Am. Corp.	34.5	−0.5
Anglo Am. Gold	192	−3
Barclays Bank	17	−0.5
Barlow Rand	10.55	−0.25
Buffels	77	+1
CNA Gallo	2.0	+0.15
Currie Finance	4.4	+0.1
De Beers	14.6	+0.6
Driefontein	51	−1.25
FS Geduld	68.25	+3.25
Gold Fields SA	35	......
Highveld Steel	5.85	+0.05
Nedbank	10.75	−0.49
OK Bazaars	11.8	−0.2
Protea Hldgs	2.25	−0.05
Rembrandt	45.25	......
Rust Plat	24.25	−0.1
Safren	18	−0.5
Sage Hldgs	9.5	......
SA Brews	7.45	−0.2
Smith (CG)	23.25	−0.25
Tongaat Huletts	6.2	+0.05
Unisec	5.5	−0

CANADA

TORONTO

Prices at 2.30pm October 22

Sales	Stock	High	Low	Close	Chng
[illegible]					

F—No voting rights or restricted voting rights.

MONTREAL

Closing prices October 21

Sales	Stock	High	Low	Close	Chng
18501	Bank Mont	$30⅜	30⅛	30⅛	+ ⅜
552	BombrdrA	$12⅝	12⅝	12⅝	+ ¼
1448	BombrdrB	$12⅝	12½	12½	− ¼
1950	CB Pak	$22¼	22⅛	22⅛	+ ¼
22947	Cascades	$12⅛	11¾	11¾	− ½
1220	ConBath	$16⅝	16⅛	16⅝	+ ⅛
28638	DomTxtA	$11⅛	11	11	− ⅛
8390	Gaz Metro	$11⅝	11½	11½	
1500	MntTrst	$14½	14⅛	14⅛	− ¼
121512	NatBk Cda	$20¼	20	20	− ⅛
10382	Power Corp	$18⅞	18⅝	18⅞	+ ⅛
400	RollandA	$16¾	16⅝	16¾	
10011	Royal Bank	$30⅝	30½	30½	
1050	RoyTrstco	$21	20⅞	21	+ ⅛
3170	SteinbrgA	$26½	26¼	26⅜	+ ⅛

Indices

NEW YORK—DOW JONES

[illegible]					

TORONTO

	Oct 22	Oct 21	Oct 18	Oct 17	1985 High	1985 Low
Metals & Minls		1,927.8	1,935.14	1,945.8	2188.7 (13/2)	1838.3 (8/1)
Composite		2,844.3	2,848.80	2,848.5	2819.9 (30/8)	2348.5 (8/1)
MONTREAL Portfolio		128.31		128.74	139.33 (19/7)	117.00 (4/1)

* Indicates pre-close figure

	Oct. 22	Oct. 21	Oct. 18	Oct. 17	1985 High	1985 Low
AUSTRALIA						
All Ord. (1/1/80)	1042.4	1040.8	1036.0	1034.0	1042.4 (22/10)	715.3 (7/1)
Metals & Minls. (1/1/80)	529.4	526.6	524.9	527.5	585.8 (20/5)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/82)	99.09	97.77	98.70	99.68	105.73 (17/8)	58.21 (24/1)
BELGIUM						
Brussels SE (3/1/85)	2716.60	2598.25	2686.34	2674.49	2715.50 (22/10)	2030.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	234.05	233.35	232.71	234.05 (21/10)	158.44 (8/1)
FRANCE						
CAC General (31/12/82)	211.2	211.4	211.60	211.2	233.1 (31/5)	170.9 (3/1)
Ind Tendance (28/12/84)	118.6	118.7	119.08	119.1	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	(u)	569.18	568.33	561.64	568.33 (18/10)	382.39 (3/1)
Commerzbank (1/12/65)	1674.4	1675.9	1676.3	1654.0	1675.9 (21/10)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	1666.66	1639.89	1624.79	1711.51 (19/8)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	397.75	397.75	382.00	374.45	413.33 (8/10)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	13001.7	13023.2	12973.22	13021.1	13055.5 (15/10)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1030.68	1032.28	1030.77	1034.89	1057.65 (10/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	218.5	218.6	216.4	216.9	225.0 (3/9)	185.6 (3/1)
ANP-CBS Indust (1970)	194.2	192.2	191.5	191.2	194.2 (22/10)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	373.93	372.85	373.98	376.39	376.46 (8/10)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	770.89	777.65	768.14	756.99	852.65 (7/3)	717.90 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1117.7	1106.0	1091.4	1140.6 (15/4)	829.3 (5/8)
JSE Indust (28/9/78)	—	966.4	980.6	985.5	1036.8 (16/7)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	125.25	124.61	123.94	122.77	125.25 (22/10)	101.46 (2/1)
SWEDEN						
Jacobson & P (1/1/58)	1494.19	1490.88	1503.08	1575.39	1496.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn (31/12/58)	496.0	492.5	492.90	494.5	496.0 (22/10)	386.7 (3/1)
WORLD						
Capital Intl. (1/1/70)		228.5	228.4	228.5	228.5 (21/10)	184.6 (4/1)

** Saturday October 19: Japan Nikkei-Dow 13,015.7. TSE 1,034.06.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 39

Stock		Sales (Hnds)	High	Low	Last	Chng
Pansph		140	22½	21¾	22¼	− ⅜
ParkOh	.60	91	13½	13¼	13¼	
PatntM		35	5⅝	5⅝	5⅝	− ⅛
[illegible]						

LONDON

Chief price changes

(in pence unless otherwise indicated)

RISES

Treas 2½ pc 2003	£99¼	+ 3⅞
Akroys & S	470	+30
Ass Brit Ports	404	+10
Bowthrope	355	+15
British-Borneo	355	+10
Chlayton, Son	140	+ 7
Crest Nichol	128	+ 7
GRA	61½	+ 3½
Harris Queen	262	+ 8
Humphries	33	+ 4
Mercury Sec	605	+15
Pyke Hldgs	370	+22
Renison	292	+22
Smiths Bros	166	+ 8
Wingate Prop	140	+35
Wolseley-H	437	+19

FALLS

Abbey Life	229	−10
Anglo Am Gold	£38½	− 4½
Bairstow Eves	113	− 6
Commercial U	250	− 6
Distillers	420	− 6
Grand Met	353	− 7
Greene King	226	− 6
Lloyds Bank	440	−12
Milford Docks	72	− 5
Morris (Wm)	25	− 7
NatWest Bank	690	−12
Rowntree Mac	395	− 8
Tate & Lyle	493	− 7

N. American quarterly results

Continued from Page 23

McKESSON
Drugs, beverage distribution

Second quarter	1985-86 $	1984-85 $
Revenue	1.55bn	1.17bn
Net profits	19m	18.8m
Net per share	1.01	0.92
Six months		
Revenue	2.92bn	2.33bn
Net profits	36m	32.2m
Net per share	1.92	1.75

REICHHOLD CHEMICALS
Chemicals

Third quarter	1985 $	1984 $
Revenue	208.6m	195.9m
Net profits	1.8m	6.4m
Net per share	0.24	0.87
Nine months		
Revenue	622.9m	624.3m
Net profits	10.5m	19.8m
Net per share	1.42	2.83

RYDER SYSTEM
Trucking

Third quarter	1985 $	1984 $
Revenue	694.9m	629.7m
Net profits	34.6m	33.3m
Net per share	0.72	0.70
Nine months		
Revenue	2.04bn	1.84bn
Net profits	90.4m	87.3m
Net per share	1.88	1.84

SCIENTIFIC-ATLANTA
Satellite comms. eqpt.

First quarter	1985-86 $	1984-85 $
Revenue	105m	106.9m
Net profits	3.18m	3.3m
Net per share	0.14	0.14

TRANSCANADA PIPELINES
Energy

Third quarter	1985 C$	1984 C$
Revenue	1bn	983.5m
Net profits	64.4m	72.1m
Net per share	0.54	0.65
Nine months		
Revenue	3.4bn	3.3bn
Net profits	209m	192.2m
Net per share	1.81	1.75

TRANSWORLD
Hotels, food services

Third quarter	1985 $	1984 $
Revenue	522.5m	493.5m
Net profits	36.9m	36.3m
Net per share	0.98	1.04
Nine months		
Revenue	1.49bn	1.43bn
Net profits	83.9m	85.5m
Net per share	2.15	2.39

USAIR
Airline

Third quarter	1985 $	1984 $
Revenue	482.2m	413.4m
Net profits	25.9m	35.1m
Net per share	0.89	1.44
Nine months		
Revenue	1.32bn	1.21bn
Net profits	85.4m	82.7m
Net per share	2.97	3.87

U.S. HOME
House building

Third quarter	1985 $	1984 $
Revenue	223.9m	274.1m
Net profits	594,000	†23.3m
Net per share	0.02	†0.67
Nine months		
Revenue	689.4m	830.9m
Net loss	2.22m	32.1m
Net loss per share	0.06	0.93

†Loss

U.S. WEST
Telecommunications

Third quarter	1985 $	1984 $
Revenue	1.97bn	1.86bn
Net profits	252.9m	228.3m
Net per share	2.65	2.39
Nine months		
Revenue	5.81bn	5.4bn
Net profits	692.7m	634.3m
Net per share	7.23	6.61

USG
Gypsum, building materials

Third quarter	1985 $	1984 $
Revenue	657.3m	633.7m
Net profits	65.7m	47.6m
Net per share	1.96	1.44
Nine months		
Revenue	1.89bn	1.71bn
Net profits	169.9m	145.3m
Net per share	5.06	4.40

WESTERN AIRLINES
Passenger carrier

Third quarter	1985 $	1984 $
Revenue	353.2m	322.5m
Op. net profits	15.1m	13m
Op. net per share	0.39	0.44
Nine months		
Revenue	1.01bn	903.5m
Op. net profits	38.7m	†23.7m
Op. net per share	1.19	†1.13

† Loss

Prices at 3pm, October 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24⅝	16	AAR	.56	2.4	15	87	23¼	23	23	-⅛
17⅝	9¾	AGS			11	212	14⅝	14⅛	14⅝	+⅜
50¾	29¾	AMR			7	3383	41⅞	40½	41	+⅜
23⅝	18⅝	AMR pf	2.18	9.4		9	23⅝	23¼	23¼	
14	7⅝	APL				143	10⅛	10	10⅛	+⅛
61⅛	34¾	ASA	2	5.5		266	36¼	35⅝	36⅛	+⅛
27	10½	AVX	.32	2.7	17	125	11⅞	11⅝	11¾	-⅛
26⅛	19¼	AZP	2.72	11.	7	586	25⅛	24¾	25	+¼
60	38⅝	AbtLab	1.40	2.4	15	749	57⅝	57	57⅝	+⅝
25⅞	19⅝	AccoWd	.50	2.2	17	69	23¼	23	23⅛	+⅛
24¾	12⅛	AcmeC	.40	3.2		184	12¾	12½	12½	-¼
10½	7⅜	AcmeE	.32b	4.3	11	21	7½	7⅜	7½	+⅛
19	15½	AdaEx	1.92e	11		29	17⅜	17⅛	17⅜	+⅛
20	13½	AdmMl	.32	1.8	7	105	18	17⅝	18	+½
16⅛	8⅝	AdvSys	.53t	3.8	20	25	14⅛	13⅞	13⅞	-⅛
36⅞	22⅛	AMD			37	4841	25⅛	24⅝	24⅞	+½
12⅛	6⅞	Advest	.12	1.4	19	55	8⅝	8½	8⅝	-⅛
15⅞	10	Aerflex			13	329	15⅝	15	15⅞	-¼
49⅝	34⅝	AetnLl	2.64	5.6	16	2807	47⅛	46¼	47	+¾
57½	53¼	AetL pf	5.41e	9.7		782	56½	56	56	-½
37⅜	22⅛	Ahmns	1.20	3.5	6	579	34¼	33¾	34½	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 39

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14½	9⅜	Pittstn				1171	13⅝	13⅜	13½	−⅛
21	17	PlanPt n				174	18⅞	18½	18¾	+¼
19	9½	PlanRs	.20	1.2	19	102	17⅝	17⅜	17⅜	−½
11¾	7	Plantrn	.16b	1.5	11	430	11	10⅝	11	+⅜
13⅝	7¾	Playboy			12	113	8¼	8¼	8¼	−⅛
28½	19½	Plessey	.54e	3.2	13	4	18¾	18¾	18¾	
19⅞	11⅝	PogoPd	.60	4.7	30	282	12¾	12⅝	12¾	+½
37¾	24¼	Polarid	1	2.7	141	2004	37	36	36¾	+½
16½	10½	Pondrs	.40	.3	31	734	14⅜	13⅞	14⅛	−⅛
21½	15¼	PopTal	.80	4.5	81	39	17¾	17¾	17¾	
22¾	14⅝	Portec	.45e	2.7	27	88	16⅝	16¼	16⅝	−⅛
21⅞	15½	PortGE	1.90	9.8	8	282	19½	19	19⅜	+⅜
106	93½	PoG	pf11.50	11.		z100	105	105	105	
24⅞	19½	PorG	pf2.60	11.		9	23⅞	23⅝	23⅞	+½
35⅜	31	PorG	pf4.40	13.		11	33⅝	33½	33½	+⅜
34⅝	30⅜	PorG	pf4.32	13.		18	33	32¾	33	+⅛
38⅛	28⅜	Potlach	1.56	4.3	14	147	36⅛	34½	36	+1½
34	23⅜	PotmEl	2.16	7.2	9	307	30⅛	29⅝	30⅛	+½
97½	68	PotEl	pf2.44	2.8		2	87¼	87¼	87¼	+2
41¾	32¼	PotEl	pf4.04	10.		z2000	39⅜	39⅜	39⅜	+⅜
50¼	42¼	PotEl	pf4.23	8.7		300	48½	48⅜	48⅜	−⅛
25½	18⅞	Preml s	.36	1.5	18	6	24⅜	24¼	24¼	−¼
41¾	31⅛	Primrk	2.20	5.3	8	60	u41⅞	41	41⅞	+1
20⅝	14½	PrimeC			14	4227	18	16⅞	17⅞	+⅞
37	16½	PrimM	s.09	.3	27	214	35	34⅝	34¾	
59⅞	50⅝	ProctG	2.60	4.4	15	779	59	58⅝	58⅞	+⅜
15	8	PrdRs	s		23	88	14½	14¼	14¼	
47¼	35½	Proler	1.40	3.6	15	12	39	38⅞	38⅞	−⅛
2⅞	2	PruRC n				189	2⅛	2	2	
8⅛	6	PruRI n				175	8⅛	8	8	
24¼	18	PSvCol	2	10.	8	618	20	19⅞	20	
21¼	16⅞	PSCol	pf2.10	11.		73	20	19⅞	20	
10⅞	6⅞	PSInd	1	11.	10	139	8¾	8⅝	8¾	
8⅞	7	PSIn	pf 1.08	13.		z1050	8¼	8	8¼	
71	52½	PSIn	pf 9.44	14.		z400	66¼	66¼	66¼	−½
63	48	PSIn	pf 8.52	15.		z90	58½	58½	58½	−⅛
8¾	3½	PSvNH			3	199	7⅜	7¼	7¼	

AMEX COMPOSITE PRICES

Prices at 3pm, October 22

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

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Continued on Page 37

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Boardroom figures provide lead

PROFIT RESULTS from major companies replaced speculative situations as the centre of attention on Wall Street yesterday, *writes Terry Byland in New York.*

Technology issues strengthened following the latest results from Digital Equipment, and motor issues edged higher after General Motors disclosed higher earnings for the third quarter.

Beneath these special features, the stock market remained unsettled by the uncertainties over the federal debt ceiling and the pace of the U.S. economy. *Bond prices moved higher, as traders hunted for stock in a market now very short of federal paper.*

At 3pm the Dow Jones industrial average was up 3.24 at 1,367.38.

The market was unimpressed by General Motors' profit figures which fell short of some analysts' predictions. After moving erratically, GM dipped $⅛ to $68¾. However, the other Detroit car makers, also due to report progress shortly, remained firm. Ford, at $47⅝ added $¼, and Chrysler, still plagued by a strike, added $⅜ to $38⅝.

Digital Equipment bounded ahead by $3⅝ to $109¾ after announcing third-quarter results, which had been well forecast by the company. Digital's reference to good overseas markets helped the rest of the computer sector.

IBM gained $1½ to $129. Burroughs $1¼ to $56. NCR $⅝ to $34½ and Honeywell $½ to $60⅝.

Minnesota Mining & Manufacturing shaded by $⅛ to $78⅛ after the results. Others responding to trading statements included Ingersoll-Rand, down $¾ at $49¾. *Consolidated Edison*, up $¼ at $34⅞, and Fieldcrest Mills, $1½ higher at $29 on sharply higher earnings.

In the banking sector, the reporting season was rounded off by Mellon, up $¼ at $47½ after announcing a profits gain below its rivals.

Southland Royalty, the Texas energy company, added $¼ to $17⅜ after Burlington Northern announced an unsolicited tender offer at $17. Burlington's move came shortly after Southland announced a restructuring plan, and Wall Street expects the Texas concern to resist Burlington's offer. Burlington fell $1¾ to $62½.

Standard Oil of Ohio *(Sohio) jumped* $1⅝ to $51⅞ in heavy turnover, with the *arbitrageurs still convinced that British* Petroleum will use a $6.5bn credit line to buy out the 45 per cent of the equity in Sohio not already owned by the British group.

Also inspired by hopes of a move from across the Atlantic, Chesebrough-Pond's added $2⅞ to $42, with more than 1m shares traded as hopes resurfaced of a bid from Unilever, the Anglo-Dutch detergents and animal foods group.

But bid speculation in the retail sector died away as the arbitrageurs concentrated on the planned leveraged buyout of R.H. Macy. At $63⅝, Macy stock edged up by $⅜ but stayed well short of *the $70 a share offer* proposed by the management, which Wall Street expects to succeed.

ITT, which has been favoured as a possible leveraged buyout candidate, edged up by $¼ to $35½ in busy trading. Among consumer stocks, Beatrice Foods, at $44½, eased by $¾ *still heavily* traded as Wall Street waited for either an increased offer from Kohlberg Kravis, or a rival bid.

However, Singer Manufacturing, after denying bid rumours which boosted the stock earlier this week, shaded by $¼ to $38⅜.

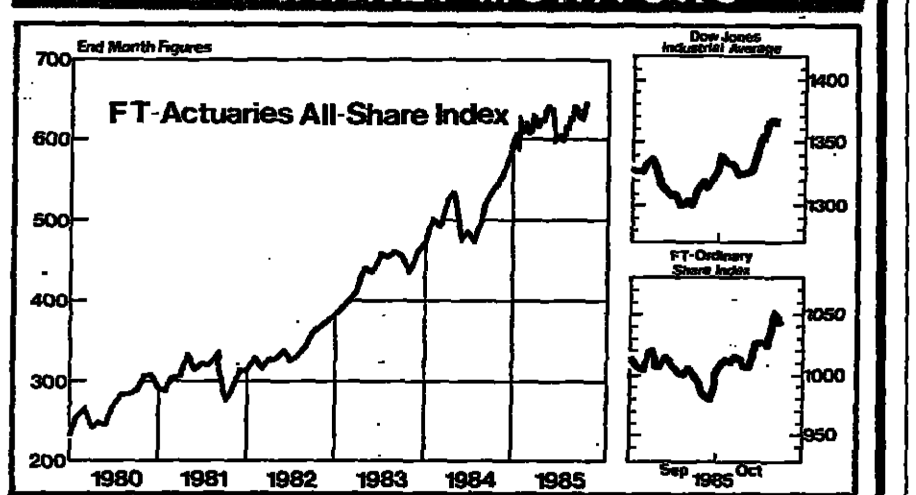
After announcing a $700m sale of its *merchandising operations, Household* International gained $1⅛ to $39⅛.

The domestic air carriers continued to edge higher while awaiting results. American, which issued its trading statement last week, added $¼ to $40⅞, while Delta added $½ to $40¼ and Eastern $⅜ to $8⅞. Pan American eased by $⅛ to $8⅛ in subdued turnover.

Credit markets appeared unimpressed when Mr James Baker, Treasury Secretary, warned of what could happen when the borrowing authority of the Federal *Financing Bank expired early next* month. Bond prices retained early gains *of half a point or so.*

Short-term rates shaded lower despite federal *funds* at 8$\frac{1}{16}$ per cent – and $1bn in customer repurchases by the Federal Reserve.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Oct 22	Previous	Year ago
DJ Industrials	1,367.38*	1,364.14	1,217.20
DJ Transport	663.16*	658.94	541.67
DJ Utilities	156.29*	154.95	143.47
S&P Composite	188.14*	186.96	167.36
LONDON			
FT Ord	1,041.0	1,048.0	867.2
FT-SE 100	1,331.5	1,340.3	1,115.4
FT-A All-share	649.16	652.13	532.25
FT-A 500	709.34	712.17	577.53
FT Gold mines	253.8	272.7	542.4
FT-A Long gilt	10.15	10.11	10.53
TOKYO			
Nikkei-Dow	13,001.70	13,020.39	11,077.8
Tokyo SE	1,030.60	1,032.20	856.49
AUSTRALIA			
All Ord.	1,042.4	1,040.8	745.4
Metals & Mins.	529.4	526.9	435.2
AUSTRIA			
Credit Aktien	99.09	97.77	56.72
BELGIUM			
Belgian SE	2,715.60	2,698.25	–
CANADA			
Toronto			
Metals & Minls	1,814.4*	1,827.8	2,007.0
Composite	2,648.1*	2,644.3	2,384.1
Montreal			
Portfolio	128.39*	128.31	117.94
DENMARK			
SE	n/a	234.05	166.26
FRANCE			
CAC Gen	211.2	211.4	179.2
Ind. Tendance	118.6	118.7	95.0
WEST GERMANY			
FAZ-Aktien	n/a	568.18	376.98
Commerzbank	1,674.4	1,675.9	1,101.2
HONG KONG			
Hang Seng	closed	1,666.06	1,053.05
ITALY			
Banca Comm.	397.75	397.73	212.70
NETHERLANDS			
ANP-CBS Gen	216.5	216.0	182.1
ANP-CBS Ind	194.2	192.2	142.6
NORWAY			
Oslo SE	373.93	372.03	263.19
SINGAPORE			
Straits Times	770.86	777.65	875.29
SOUTH AFRICA			
JSE Golds	–	1,117.7	999.0
JSE Industrials	–	977.4	863.5
SPAIN			
Madrid SE	125.25	124.61	102.60
SWEDEN			
J & P	1,404.19	1,400.68	1,459.09
SWITZERLAND			
Swiss Bank Ind	496.0	492.5	377.2
WORLD	Oct 21	Prev	Yearago
Capital Int'l	228.5	228.4	184.0

COMMODITIES

(London)	Oct 22	Prev
Silver (spot fixing)	427.55p	429.80p
Copper (cash)	£980.00	£971.50
Coffee (Nov)	£1,646.00	£1,656.00
Oil (spot Arabian Light)	$27.75	$27.75

GOLD (per ounce)

	Oct 22	Prev
London	$327.75	$325.75
Zürich	$325.65	$325.60
Paris (fixing)	$326.72	$326.95
Luxembourg	$326.00	$326.75
New York (Dec)	$330.00	$329.40

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 22	Previous	Oct 22	Previous
$	–	–	1.433	1.434
DM	2.6405	2.6365	3.785	3.78
Yen	215.8	215.7	309.25	309.25
FFr	8.0475	8.04	11.5325	11.53
SwFr	2.166	2.165	3.105	3.105
Guilder	2.9795	2.976	4.27	4.2675
Lira	1,780.0	1,779.0	2,551.0	2,539.0
BFr	53.5	53.4	76.65	76.6
C$	1.3647	1.3635	1.956	1.9569

INTEREST RATES

	Oct 22	Prev
Euro-currencies (3-month offered rate)		
£	11⅝	11$\frac{9}{16}$
SwFr	4⅜	4⅜
DM	4¾	4¾
FFr	9$\frac{9}{16}$	9$\frac{11}{16}$
FT London Interbank fixing (offered rate)		
3-month U.S.$	8$\frac{3}{16}$	8$\frac{3}{16}$
6-month U.S.$	8$\frac{5}{16}$	8$\frac{5}{16}$
U.S. Fed Funds	8$\frac{1}{16}$*	8⅛
U.S. 3-month CDs	7.8*	7.8
U.S. 3-month T-bills	7.14*	7.21

U.S BONDS

Treasury		Oct 22* Price	Yield	Prev Price	Yield
9	1987	100$\frac{13}{32}$	8.76	100$\frac{10}{32}$	8.81
10⅝	1992	102	9.946	101$\frac{20}{32}$	10.02
10½	1995	102$\frac{15}{32}$	10.093	101$\frac{30}{32}$	10.18
10⅝	2015	102$\frac{1}{32}$	10.366	101$\frac{20}{32}$	10.44

Treasury Index Maturity (years)	Oct 22* Return index	Day's change	Yield	Day's change
1–30	130.10	+0.36	9.57	–0.05
1–10	128.60	+0.22	9.27	–0.04
1– 3	125.54	+0.09	8.73	–0.03
3– 5	130.09	+0.23	9.54	–0.05
15–30	135.31	+0.89	10.63	–0.08

Source: Merrill Lynch

Corporate	Oct 22* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	101	10.10	100⅝	10.20
3⅞ July 1990	83¼	8.25	82⅝	8.43
8⅝ May 2000	84¼	10.90	84.00	10.97
Xerox				
10⅞ Mar 1993	100½	10.52	100	10.62
Diamond Shamrock				
10⅜ May 1993	98½	10.90	98½	10.90
Federated Dept Stores				
10⅜ May 2013	94¾	11.25	93⅞	11.35
Abbot Lab				
11.80 Feb 2013	102⅝	11.45	103¼	11.90
Alcoa				
12¼ Dec 2012	98¾	12.15	100	12.25

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	77–06	77–07	76–20	76–23
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	92.95	92.97	92.90	92.92
Certificates of Deposit (IMM) $1m points of 100%				
Dec	92.17	92.18	92.10	92.11
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.81	91.82	91.77	91.78
20-year Notional Gilt £50,000 32nds of 100%				
Dec	113–27	114–00	113–23	113–31

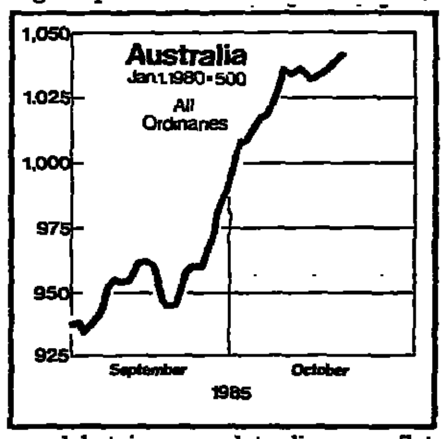
* Latest available figures

AUSTRALIA

Selective course to new peak

THE CLIMB to new peaks continued for the second consecutive trading session in Sydney yesterday. The All Ordinaries index closed 1.5 up an all-time high of 1,042.4.

As on Monday, dealers said gains among selected issues – and a shortgage of *scrip* – were largely responsible for higher prices. Industrials were in demand but in general trading was flat and volume low.



BHP, which eased 4 cents to A$8.82, was the most active share after a series of late special sales boosted its turnover.

Other actives included CSR, down 3 cents to A$3.73, Bell Group, 10 cents up at A$11.50, CRA, which shed 6 cents to A$5.82, and Western Mining, down 5 cents at A$3.68.

Elders IXL slipped 10 cents to A$4.00 after unveiling its takeover bid for Britain's *Allied-Lyons* on Monday.

Elsewhere, banks were generally lower. ANZ Group slipped 8 cents to A$5.12, and Westpac was down 4 cents to A$5.16 while National Australian held steady at A$5.04.

Among property stocks Lend Lease added 30 cents to A$7.00. Howard Smith was also 30 cents firmer at A$6.20.

Mines closed with small gains as did companies with an interest in the Papua New Guinea ore deposit following a report of higher gradings.

SINGAPORE

PROFIT-TAKING trimmed most of Monday's gains over a broad front in Singapore.

The Straits Times industrial index closed 6.79 down at 770.86, compared with the previous session's 9.31 gain.

Among actives Bedford shed 3 cents to S$1.67, Raleigh lost 8 cents to S$3.64 and City Development added 1 cent to S$1.19.

Banks and financial stocks generally followed the declining trend. DBS was 5 cents down at S$5.75, Malay Banking also slipped 5 cents to S$5.85 and OUB was 3 cents lower at S$2.76. However, OCBC was steady at S$8.45.

Industrials were mixed to lower. Keppel *Shipyard lost 6 cents to S$1.23, Singapore Press* closed 1 cent down at *S$1.85 and Cold Storage was 6 cents* down at S$3.14.

SOUTH AFRICA

DIAMONDS provided some sparkle to an otherwise weaker Johannesburg although trading in golds picked up later as the bullion price began to rise.

Diamond share De Beers closed 60 *cents higher at R14.50, but gold mines* finished generally mixed to lower. Driefontein was R1.25 down at R51, Gold Fields SA was steady at R35 and Buffelsfontein added R1 to R77. Mining financial Anglo American Corp was 50 cents down at R34.50.

Elsewhere, AE & CI was 10 cents down at R8.10, and Barlow Rand shed 30 cents to R17 while Tongaat Huletts, at R6.20, and SA Breweries, at R7.45, were steady.

Banks traded lower, with Barclays 30 cents down at R17 and Nedbank, ahead of results today, losing 45 cents to R10.75.

EUROPE

Rate cuts boost Brussels

A FURTHER softening in domestic interest rates yesterday gave investors in *Brussels the incentive to chase a broad* range of leading issues, pushing many to record levels.

The Belgian SE index staged its third major advance this month to reach a new peak with a 17.35 rise to 2,715.60.

The return to power of the centre-right coalition Government earlier this month gave the market renewed confidence, and *yesterday's small cut in the* rate for two and three-month Treasury *bills provided another spur to activity.*

Among banking issues, Générale de Banque added a further BFr 110 to BFr 4,600, and Kredietbank advanced BFr 190 to BFr 9,890.

Trading was heavy among holding companies, which the market believes will benefit strongly from a general move to lower interest rates.

Frankfurt dealers took the view that the market needs time to settle after the recent *hectic activity* and allowed leading issues to edge lower in thin business.

Deutsche led banks lower to close off DM 9.50 at DM 669.50 while Dresdner shed DM 3.50 to DM 337 and Commerzbank DM 2 to DM 257.50.

In the automotive sector, VW lost DM *3.40 to DM 344.50, BMW DM 5 to DM 497* and Porsche DM 25 to DM 1,343.

AEG rose *a further DM 5.30 above the* DM 170 takeover offer from Daimler to close at *DM 205.30.*

The move followed the announcement that exchange authorities may launch an investigation into trading of AEG shares prior to the Daimler bid last week.

Falls in the bond market were recorded during active business. The Bundesbank bought DM 89.3m worth of domestic paper compared with sales of DM 17.6m on Monday.

The expectation of favourable profit statements from Swiss banks stirred confidence in Zurich and gave rise to improvements among several key sectors.

Bank Leu, which has been on a steady upward path in recent weeks, moved against the trend and eased SwFr 25 to SwFr 3,725 while among the improvers *Union Bank added SwFr 50 to SwFr* 4,580 and Crédit Suisse SwFr 35 to SwFr 4,580.

Paris recouped some early losses but closed easier in thin trading. Traders attributed the dull *tone* to capital increases, listings on the second market and bond issues which are draining the market of funds.

Trading in Amsterdam was highly selective. Investors lent support to certain insurance, international and industrial *issues, but the broad range of stocks* was thinly traded.

The tempo eased in *Milan, and most* leading issues closed little changed as investors awaited further indications on the outcome of Italy's political crisis.

Interest-rate hopes inspired Stockholm investors to return with international traders also present for most of the session.

TOKYO

Worry over yen halts advance

CONCERN about the yen's future course against *the U.S. dollar and the level of* domestic interest rates weakened trading in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

Large steel, shipbuilding and constructions stocks fell on a wide front. But biotechnology-related issues such as Shionogi, NEC and some blue chips gained ground.

The Nikkei-Dow market average lost 21.52 to 13,001.69 on a light volume of 282.9m shares, up slightly from Monday's 202.3m. Losses outnumbered gains by 438 to 343, with 149 issues unchanged.

Many investors also chose to sit on the sidelines until the market steadies after its recent sharp advance. There was also worry about the possible outcome of the forthcoming emergency summit meeting of major Western powers and Japan-U.S. summit talks.

Among biotechnology issues, Shionogi gained popularity on reports that the company had been authorised to import human insulin. It soared Y41 at one point and closed Y14 up at Y802.

Ajinomoto, which obtained official approval to manufacture a new treatment drug, climbed Y20 to Y1,230. Yamanouchi Pharmaceutical also gained Y50 to Y3,360.

Among blue chips, NEC attracted buyers on news that it would post a recurring profit gain of nearly 10 per cent for the fiscal year ending next March, despite the slump in the semiconductor industry. The stock jumped Y60 at one stage and finished Y40 higher at Y1,130.

Other blue chips firmed in sympathy, with Ricoh adding Y40 to Y1,020, Konishiroku Photo Y13 to Y713, Canon Y10 to Y1,210 and Sansui Electric Y60 to Y835.

Heavy foreign buying pushed Sumitomo Metal Mining up Y30 to Y1,980 with 7.1m shares traded – the fifth highest figure. The rise was helped by speculation that the company would raise the gold reserve estimate for its Hishikari mine in Kagoshima Prefecture when it published its mid-term results on November 1.

Biotechnology issues and blue chips lost ground in the afternoon, and large-capital and domestic stocks fell on small-lot selling. Mitsubishi Heavy Industries, topping the active list with 11m shares traded, eased Y12 to Y432. Nippon Steel shed Y4 to Y179 and Tokyo Gas Y9 to Y306.

The *yield on the benchmark 6.8 per* cent government bond due in December 1994 rose sharply to 5.510 per cent from Monday's 5.435 per cent.

Hong Kong stock market was closed for a public holiday.

LONDON

A LACK of new incentives and profit-taking left London lower in dull trading.

The FT Ordinary index ended the day 7 down at 1,041.0, with banks badly hit on rumours, later denied, that Lloyds was having difficulty over Far Eastern loans.

Lloyds closed 12p lower at 440p, and NatWest was also 12p down at 890p.

Elsewhere, evaporating interest in bid speculation, following the Elders-IXL offer for Allied-Lyons, and the threat of *defence spending cuts* unsettled the market. Allied-Lyons was up 4p to 274p.

Short and longer-dated gilt-edged securities were lower by up to ¼ while medium-life issues were largely unchanged.

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34–35

CANADA

GOLDS were one of the few bright spots in a fairly active Toronto which generally traded mixed.

The higher bullion price helped golds to firmer prices. Lac Minerals traded C$¾ higher at C$32¼, and Echo Bay was C$¼ up at C$1⅝.

Elsewhere, TransCanada Pipelines was down C$⅜ to C$22¼.

In Montreal, stocks followed a similar trend with prices trading generally mixed.